



Doing Business in China:

2014 Country Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2010. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In China](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business In China

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

In November 2013, following the Third Plenum of the 18th Chinese Communist Party Congress, President Xi Jinping rolled out an ambitious agenda to re-shape the Chinese economy and fully embrace the market as the “decisive force” in shaping the country’s economic future. In order to continue China’s labor force evolution and to supplement the strong manufacturing exports that have fueled its unprecedented growth, Xi directed his administration to implement policy changes that increase domestic consumption, stimulate domestic innovation, and develop a world-class services sector – all the while expanding China’s middle class and moving millions of rural Chinese citizens to urban centers.

Market Challenges

[Return to top](#)

The depth and complexity of China’s proposed macroeconomic reforms bring with them significant challenges and pitfalls that will require skillful policy making and implementation. Problem areas to look out for include rising local debt, potential property bubbles, outflows of capital, shadow banking, excess capacity in industry sectors, and endemic corruption across industry sectors. China continues to make steady progress on the world stage as an emerging market in which to do business. The World Bank recently ranked China 96th (out of 189) in its Ease of Doing Business Report. However, China’s explosive economic growth of the last several decades is beginning to slow. In 2013, real GDP grew 7.7 percent (down from 10.4 percent in as recently as 2010). While the government has set a 7.5 percent growth target, some economists predict that China’s GDP growth will slow to 7.3 or 7.4 percent in 2014, which would represent China’s slowest economic expansion since 1990. U.S. companies doing business in China remain concerned about rising costs for labor, enforcing intellectual property rights, competition with Chinese state-owned or state-supported companies, lack of transparency, burdensome bureaucracy, and protectionism in the business licensing and approval process.

Market Opportunities

[Return to top](#)

Despite these and other longstanding concerns, China remains an extremely attractive market for many U.S. companies. In fact, ninety percent of U.S.-China Business Council member companies responding to a USCBC survey report that their China operations are profitable, the highest percentage reported since 2006. Foreign direct investment into China saw modest growth in 2013, rising 5.3% year-on-year compared with a 3.7%

drop in 2012. Furthermore, many of the economic reforms called for as part of the Third Plenum, particularly those related to foreign investment, are starting to take shape. Some highlights so far include:

- Revising the three basic laws that govern foreign investment in China.
- Slashing the number of business or administrative approvals needed while delegating much of the approval responsibility to provincial or local government.
- Relaxing “paid in” and minimum registered capital requirements for foreign-invested enterprises, and replacing the annual government inspection procedure with an online filing system.
- Undertaking efforts to improve the legal and enforcement regime for intellectual property (IP) rights, and amending the trademark law to provide stronger protection and enforcement tools for all trademark owners.
- Liberalizing financial controls, including interest rates and limits on foreign exchange.

In a move that garnered significant attention, China established the Shanghai Pilot Free Trade Zone (SFTZ) in September 2013. Covering approximately 29 square kilometers in Shanghai’s Pudong district, the SFTZ was envisioned as a venue for China’s leaders to experiment with market-based reforms, such as relaxed controls on foreign investment, increased market access in industry sections not on a “negative list,” streamlined administrative procedures, and financial and foreign exchange reforms, but regulatory details are still slowly trickling out.

Market Entry Strategy

[Return to top](#)

As always, companies should consider their own resources, previous export or business experience abroad, and long-term business strategy before entering the China market. For many companies, representation in China by Chinese agent, distributor, or partner that can provide local knowledge and contacts will be critical for success. Intellectual Property rights holders should understand how to protect their IP under Chinese law before entering the China market, and should conduct thorough due diligence on potential partners or buyers before entering into any transaction. All companies, IP rights holders and otherwise, should consult closely with lawyers who have extensive experience with the China market, including lawyers based in the United States and China.

The U.S. Department of Commerce, United States Foreign Commercial Service (USFCS) offers customized solutions to help U.S. companies, including small- and medium-sized enterprises, succeed in the China market. USFCS stands ready to help U.S. companies develop comprehensive market entry or expansion plans, learn about export- and customs-related requirements, obtain export financing, and identify potential partners, agents, and distributors through business matchmaking programs, trade shows, and trade missions led by senior U.S. government officials. For U.S. companies that purchase our Gold Key Service, USFCS can facilitate one-on-one meetings with: pre-screened buyers; potential customers or end-users; experienced professional services providers; and key government officials. Furthermore, by engaging USFCS,

U.S. companies can learn how to leverage the outcomes of high-level policy discussions, such as the U.S.-China Joint Commission on Commerce and Trade and the U.S.-China Strategic and Economic Dialogue, where senior U.S. officials have been successful in expanding market access and improving the business climate for U.S. companies in China. With these tools, explained in greater detail in this Country Commercial Guide, U.S. companies will be better positioned to take advantage of the many economic reforms that are being rolled out in the wake of the Third Plenum.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/18902.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Selling](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

China's fast-growing economy attracts international participation, including exports from U.S. small and medium-sized enterprises (SMEs). Unlike large international or multinational companies that establish operations for branding, marketing and various business activities in China, SMEs with limited budgets, when expanding their business, usually start with fostering a sales network through regional agents or distributors. Sales agents and distributors can assist in keeping track of policy and regulation updates, both locally and nationally, collect market data, and quickly respond to changes. In addition, U.S. SMEs can take advantage of existing networks enjoyed by their agents and distributors and expand their business through such contacts.

However, there are some drawbacks to this approach. Employing a third party results in an additional cost to your products and you may also lose some control and visibility over sales/marketing. It also has implications for intellectual property rights protection, increasing the risk of your product being copied or counterfeited.

Given the above considerations, companies need to select agents and distributors carefully. Some of the frequently asked questions are in the following checklist. You should also conduct due diligence to verify this information

- Does the agent/distributor have a genuine interest in representing your product?
- Can they benefit from actively promoting your interests (is it a win-win)?
- Do they also represent any competing companies/products?
- Can you communicate effectively with your counterpart?

How to Establish a Business in China

There are three structures in which foreign investors can enter the Chinese market: a representative office, a wholly foreign-owned enterprise, and a joint venture.

Representative Office

Establishing a representative office (RO) is the quickest and easiest way to enter China, as it has no registered capital requirements. However, a RO's scope is quite limited; ROs may not engage in any profit-making activities, and can only legally participate in market research, investigation, promotional activities of products or services, liaison for the purposes of selling products or services, domestic procurement, or domestic investment. Since an RO is a non-legal entity representing their parent company overseas, the parent company is responsible for signing any sales contracts and must have an established history of more than two years.

Applications for most industry ROs can be applied for directly at the Administration of Industry and Commerce (AIC) in the locality where the proposed RO is to be established. The registration of a RO is required in order to lawfully employ Chinese nationals, to open a bank account, or to use business cards that identify the company's presence in China. ROs may employ no more than four foreign representatives at a time. ROs are not considered legal entities, and therefore are limited in hiring ability, issuing invoices or receiving payments in RMB.

Wholly Foreign-Owned Enterprise

A wholly foreign-owned enterprise (WFOE) is a limited liability company with complete ownership under foreign investors. As Chinese legal entities, WFOEs experience greater independence than ROs, and are allowed exclusive control over carrying out business activities while abiding by Chinese law, and are granted intellectual and technological rights. However, the process of establishing a WFOE is quite long. WFOEs generally have to register capital, unless their scope of business relates to consulting, trading, retailing, or information technology.

Joint Venture

A joint venture (JV) is a company whose ownership is split between foreign investors and Chinese investors. JVs are often established when companies enter industries that are required by law to have a local partner or are still heavily controlled by the government. The benefits of engaging in a JV for foreign investors are low production and labor costs, taking advantage of local partner's existing facilities and sales/distribution channels, and entering a larger share of the Chinese market. JVs can also make use of the benefits allowed to legal entities. Chinese authorities' interest in JVs stem from the desire to observe new technologies and management practices. When deciding to establish a JV, both parties must understand that they each will inherit either side's risks and liabilities. There are two types of JVs:

- Equity Joint Venture (EJV)

- The profits and losses of the EJV are distributed proportionately to each party and their respective interests and investments in the EJV.
- The foreign investors must hold at least 25 percent of the equity interest in the registered capital of the EJV.
- Cooperative or Contractual Joint Venture (CJV)
 - The profits and losses of the CJV are distributed to parties according to the provisions that were outlined in the CJV contract.
 - A CJV can operate as either a limited liability or a non-legal company.
 - The foreign investors are not required to provide a minimum foreign contribution, therefore allowing them to take part in a JV without owning a major share.

Regulations in China change frequently for all three structures listed above, so we recommend that companies should seek assistance from professional service providers during the process of establishing a business in China.

Sources

<http://www.pathtochina.com/>

http://www.china.org.cn/living_in_china/abc/2009-07/15/content_18141090.htm

http://www.cn-visa.com/joint_ventures.asp

http://www.fdi.gov.cn/pub/FDI_EN/Laws/default.jsp?type=530

Franchising

[Return to top](#)

Some foreign companies are beginning to establish multiple retail outlets under a variety of creative arrangements, some of which function as franchises. Virtually all of the foreign companies who franchise in China either manage the operations themselves with Chinese partners (typically establishing a different partner in each major city or region) or sell to a master franchisee, which then leases out and oversees several franchise areas within a territory.

It is important for entities considering a franchise model for expansion to consider steps to protect their brand and image. Prior to making substantive moves into the market, including negotiations with potential partners or franchisees, companies should consult with appropriate counsel regarding trademark registration or other concerns regarding intellectual property rights. Also, companies should evaluate after sales service and other considerations that may affect their brand image.

The regulations affecting franchisors and their operations are:

- Regulations on the Administration of Commercial Franchises (Franchise Regulations)
- Administrative Measures for the Information Disclosure of Commercial Franchises (Information Disclosure Measures)
- Administrative Measures for Archival Filing of Commercial Franchises (Archival Filing Measures).

One key aspect to China's regulations governing franchising is the two-plus-one requirement. This requirement stipulates that franchisors own at least two directly

operated outlets anywhere in the world before being allowed to operate a franchise model in China. One of the most difficult aspects of franchising in China is finding qualified franchisees. Franchising is still a relatively new concept in China, with many Chinese still unfamiliar with it. Moreover, collecting royalty payments and ensuring that the franchisee maintains the integrity of your brand are formidable challenges. Industry experts recommend that companies first open their own stores in China to show the market that the business concept works and to solidify its brand positioning before attempting a franchise model. Another suggested approach is to find a franchise partner for Mainland China in a more developed area such as Hong Kong, Taiwan, and Singapore.

Direct Selling

[Return to top](#)

Direct selling is a type of business model involving the recruitment of direct marketing sales agents or promoters and the selling of products to end-consumers outside fixed business locations or outlets.

As part of China's WTO commitment, the Chinese Government agreed to allow market access for —wholesale or retail trade services away from a fixed location. These new regulations are quite restrictive, however. Multi-level marketing (MLM) organizations are characterized as illegal pyramids, compensation is capped at 30 percent based on personal sales, and language exists that requires the construction of fixed location —service centers in each area where sales occur. To obtain a direct sales license from the government, further barriers exist as evidenced by a three-year foreign experience rule, and a required RMB 20-100 million bond deposit, among other requirements.

Several major international companies have had success in overcoming these barriers. Having said this, the Chinese Government is slow to approve direct-sales license applications for new entrants over the past few years. In general, the Chinese central government and the relevant authorities at central and local levels tend to heavily regulate and supervise this industry.

Joint Ventures/Licensing

[Return to top](#)

Joint ventures (JVs), although a useful way to limit investment and quickly access the market, entail some degree of risk (loss of control of investment, theft of intellectual property, and conflicts of interest). In some sectors, forming a JV with a local partner is a formal prerequisite for market access. Most U.S. investment in China is now in the form of 100% U.S.-owned companies, rather than JVs. As China has opened its market, the number of wholly owned foreign entities (WOFEs) has increased. To date nearly 75% of new investments are WOFEs. A U.S. company contemplating a JV should clearly understand what their partner brings to the table and what benefits there might be to establishing a JV rather than a WOFE.

Technology transfer is another initial market entry approach used by many companies. It offers short-term profits but runs the risk of creating long-term competitors. Due to this concern, as well as intellectual property considerations and the lower technical level prevailing in the Chinese market, some firms attempt to license older technology, promising higher-level access at some future date or in the context of a future JV arrangement.

Licensing contracts must be approved by and registered with the MOFCOM. A tax of 10% to 20% (depending on the technology involved and the existing applicable bilateral tax treaty) is withheld on royalty payments.

Selling to the Government

[Return to top](#)

The U.S. Government imposes restrictions on the sale of many items to the Chinese military. Restrictions on this type of business exist both in the United States and China. For example, the United States restricts the export of munitions items to China. U.S. manufacturers should contact the Department of Commerce's Bureau of Industry and Security (202-482-4811) and the U.S. State Department's Directorate of Defense Trade Controls (202-663-2980) for guidance before selling items to the Chinese military.

The U.S. Department of Commerce's Advocacy Center coordinates U.S. government interagency advocacy efforts on behalf of U.S. exporters bidding on public-sector contracts with overseas governments and government agencies. The Advocacy Center helps to ensure that sales of U.S. products and services have the best possible chance competing abroad. Advocacy assistance is wide and varied but often involves companies that want the U.S. Government to communicate a message to foreign governments or government-owned corporations on behalf of their commercial interest, typically in a competitive bid contest.

For more details information on the Advocacy Center, its policy and questionnaire, please visit www.trade.gov/advocacy.

Distribution and Sales Channels

[Return to top](#)

In recent years, China liberalized its distribution system to provide full trading and distribution rights for foreign firms in most industry sectors. New laws removed earlier restrictions on size requirements for trading and distribution firms, thus paving the way for competition from small businesses.

While the outright prohibition of foreign invested firms to import, export and distribute goods in China has improved, the licensing and approval process remains difficult, time consuming, and highly opaque. A standard business license is typically issued by municipal commercial agencies, in China referred to as the Administration of Industry and Commerce. Distribution rights for such industries are often approved by a higher-level authority, a municipal or provincial Commission of Commerce. This effectively adds another layer of bureaucratic hurdles a foreign investor will need to navigate.

Sales channels available to foreign companies selling in China include trading companies, distributors, and local agents. Trading companies with import/export rights take care of customs formalities; distributors build sales channels and handle stock and inventory; and local agents retail products to consumers.

Selling Factors/Techniques

[Return to top](#)

Relationships

Personal relationships (*guanxi* in Chinese) in business are critical. *Guanxi* is deeply rooted in Chinese culture and a necessary tool for getting things done. In any business transaction, counterparts will want to know with whom they are dealing before getting involved too deeply. It can sometimes take many months to develop these types of relationships. American businesses need to understand this aspect of the business culture and take a patient approach.

Thus, it is important for exporters, importers, and investors to establish and maintain close relationships with their Chinese counterparts and relevant government agencies. It is equally important that American exporters encourage strong personal relationships between their Chinese agents or distributors and the buyers and end-users. A web of strong personal relationships can often help ensure expedited governmental procedures and smoother business development in China. This is a cultural difference that American companies should be aware of; personal relationships can be just as important if not more than legal contracts.

Localization

Though Chinese customers welcome U.S.-made products in general, they still prefer to have localized customer support from a manufacturer, such as on-site training, service centers in China, local representatives, and catalogues and manuals in Chinese. While a rapidly growing percentage of the management work-force in first-tier cities speak English, U.S. exporters should understand the limits of English language proficiency in China and do their utmost to see that all materials are user friendly. Important documents should be printed in good Chinese. Being able to communicate in their native language will enhance the relationship between the parties. On a similar note, certain modifications must be made to accommodate local tastes, customs, and systems.

Logistics

U.S. exporters should keep in mind that timely delivery and adequate inventory are crucial to success in the Chinese market. Thus, it is important to consider the capabilities of an agent or distributor. Logistics in China have become easier in recent years with the continuous improvement of highway, air, rail, and port infrastructure, and transportation options have increased. Most of the major international logistics companies are now operating in China, although the Chinese Government has created new regulatory barriers recently that limit their ability to provide domestic services.

Electronic Commerce

[Return to top](#)

The Chinese Government has a fairly open attitude towards e-commerce in China. Both Chinese and international businesses are actively investing and establishing online sales channels. The year 2013 will be remembered as the one in which China surpassed the U.S. as the world's largest ecommerce market. According to Bain & Company, Chinese e-commerce shoppers spent RMB 1.3 trillion online in 2013, a sum that has grown more than 70% annually since 2009 and is expected to continue on its amazing trajectory, reaching RMB 3.3 trillion by 2015. E-commerce accounted for 10% of China's total retail sales in 2013 and has furiously transformed shopping and purchasing habits, opening up vast opportunities for retailers and brands that pay attention to the nuances of massively changing consumer behavior.

Just about everything is being purchased online. Examples include household goods, apparel, books, electronics, food items and luxury goods. Chinese shoppers have been more willing than shoppers in other markets to use their smartphones to make purchases, are comfortable with third-party payments and online banking, and are happy to rely on third parties for deliveries—as opposed to picking up products in stores. They browse websites and make price comparisons before they buy.

While e-commerce in China has great potential, some major impediments exist. China remains a cash-based society, and the use of credit cards is limited. Local distribution channels are not well developed for delivery of items purchased over the internet. Online retailers have a reputation for poor after-sales service versus traditional retail stores. Consumers still have less confidence with the internet environment and limited awareness of the need for appropriate internet security software products.

Despite these impediments, several Chinese internet companies have been very successful in adapting to the local market and developing an effective cash-on-delivery or bank transfer payment model. Players such as tmall.com (part of Alibaba Group, which is China's largest e-commerce company), amazon.cn, dangdang.com, and JD.com are key online retailers. In fact, it is becoming common for Chinese consumers to shop online at one of these websites, and well-known Western brands are continuing to flock to these websites. However, U.S. companies wanting to sell products on Chinese e-commerce portals must establish a firm presence in China. A 'presence' can be a subsidiary company, a JV, a wholly-owned entity or even a local distributor/agent. Few Chinese e-commerce portals are able or willing to deal with custom clearance and after-sales management for importing products. Chinese portals rely heavily on foreign companies to handle these issues themselves. Of course, this may change at some point in the years to come as Chinese portals expand domestically and globally and logistics companies work more closely with these portals.

Trade Promotion and Advertising

[Return to top](#)

Advertising is an effective way to create product awareness among potential consumers in China. Channels for mass advertising include publications, radio, television, outdoor, online, in-store, and sponsorship. The advertising industry in China is heavily regulated, and the government still exercises ultimate control over content. Advertising in China is regulated by the Advertising Law of the People's Republic of China (Advertising Law), which was passed in 1994. This law outlines content prohibitions and advertisers responsibilities. The Advertising Law is not completely transparent; therefore, interpretation and enforcement may be arbitrary and varied, and legislation usually favors consumer protection over business promotion. General guidelines from the law include:

“Advertising should be good for the physical and mental health of the people as well as conform to social, public and professional ethics, and safeguard the dignity and interests of the state. Specific rules include a prohibition on the use of national symbols and government images, and prohibit advertisements that are obscene, superstitious, discriminatory, or dangerous to social stability.”

Notably, foreign businesses without a Chinese business license gained through establishing an office in China are not permitted to advertise in China.

The State Administration for Industry and Commerce is the primary regulatory organization for the advertising sector, but many other organizations such as the Ministry of Culture and the State Administration of Radio, Film and Television, play an active role in controlling print or television content.

China's retail boom and increasing competition among retailers is causing China's advertising industry to grow even faster than the economy as a whole. All of the major international advertising firms are present in China.

According to a China News report (<http://www.chinanews.com/gn/2014/04-19/6082806.shtml>) The "China Media Industry Development Report (2014)" released by the School of Journalism and Communication of Tsinghua University on April 19, 2014, indicates that the total output value of China's media industry scale in 2013 was 890.24 billion RMB. This was an increase of 4 percent over the previous year. The size of China's media industry is forecast to exceed 1 trillion RMB in 2014, and reach 160 billion RMB in 2017. This report also noted that China's overall advertising increased 6.84 percent over the previous year. In 2013, China's Internet advertising increased 45 percent compared to 2012.

Now that China is in the midst of a consumer revolution, foreign products that make use of advanced marketing, advertising and research techniques are leading the way. Brand awareness is increasingly important and sophisticated advertising is beginning to play a key role in attracting the Chinese consumer. Another important trend U.S. companies need to be aware of is China's increasing use of social media to promote brands and introduce products. According to an April 2012 McKinsey Report (http://www.mckinsey.com/insights/marketing_sales/understanding_social_media_in_china) social media is a larger phenomenon in China than it is in other countries, including the United States.

China has more than 5,000 trade events, and the number of shows, continues to grow between 15% and 20% annually, particularly in second tier cities. In general, exhibitions can be excellent venues to gauge market interest, develop leads and make sales. Most are sponsored or co-sponsored by government agencies, professional societies, or the China Council for the Promotion of International Trade (CCPIT). Some shows are organized by American, Hong Kong or other foreign show organizers. Show participation costs are sometimes high since pricing options for available booth space for foreign companies at shows is often limited to certain areas within events. Some shows may reach only a local audience or cater primarily to Chinese exporters despite being described as Import/Export Fairs. Therefore, companies are advised to scrutinize shows carefully before confirming participation.

In 2014, the Department will support U.S. Pavilions at trade shows around China in different industry sectors. The U.S. Export Pavilion is an exhibit that promotes the benefits of exporting and of using U.S. government export assistance. Participating agencies include the Foreign Trade Division of the U.S. Census Bureau, the U.S. Commercial Service, U.S. Department of Agriculture, the Export-Import Bank of the United States (Ex-Im Bank), and the U.S. Small Business Administration. The U.S. Pavilion concept is part of the U.S. Department of Commerce's initiative to promote American goods and services in key Chinese markets.

The U.S. Department of Agriculture supports U.S. pavilions at major food, beverage, fisheries and forest products shows across China, as well as tracking smaller trade shows and evaluating them for their promotional potential. Key shows supporting U.S. food pavilions include the SIAL and Food and Hotel China shows in Shanghai, and the Fisheries Show.

Updated information about trade shows can be found on our website at:
http://export.gov/china/tradeevents/eg_cn_069876.asp#P76_3447

In addition, a list of trade shows that are screened by the U.S. Department of Commerce appears in Chapter 9 of this report. Upcoming Department of Commerce trade missions can be found at: http://export.gov/trademissions/eg_main_023185.asp.

For information on food, beverage, and other agriculture-related shows, please contact the local Agricultural Trade Office.

Pricing

[Return to top](#)

Most Chinese consumers are highly sensitive to price. Industrial and government procurement purchasing decisions are often focused primarily around price points and less around product and service quality. With carefully packaged service programs, however, Chinese industrial buyers can be convinced to pay a premium for higher quality products. Attractive export/import financing programs can also be an important tool for exporters, and Japanese and European equipment manufacturers often use them. Refer to Chapter 7 for additional information on export financing assistance opportunities for U.S. companies.

Chinese consumers do, however, regularly demonstrate a keen desire to pay a significantly higher price for products that provide a sense of prestige and sophistication. China is the largest market for global luxury brands, accounting for approximately 47% of global sales of consumer luxury products. A recent government crackdown, in 2013, on displays of lavish spending, has put a short to medium term crimp in luxury goods sales. Despite this crackdown, China is still expected to have the world's biggest luxury goods market until 2020. Simply carrying an imported label can often, though not always, be enough to put products into a premier price category. A recent store check by the Department of Commerce's Shanghai office found imported U.S. children's vitamins priced at \$55 for a 100-tablet bottle, with the same product selling for \$12 in the United States. While a significant portion of such price differences is attributable to import duties and value-added tax, perceived higher quality and greater prestige of imported products has allowed importers to build in large profit margins. Refer to chapter 5 for more information on duties and taxes.

Sales Service/Customer Support

[Return to top](#)

The ability to provide adequate after-sales service is an important selling point and can distinguish a company from its competitors. WFOEs and foreign invested enterprises (FIE) are now able to provide sales service and after-sales customer support in China. Heightened consumer awareness has given U.S. companies with strong international brands an advantage in the Chinese market, as American products and services are generally considered to have superior sales and customer support standards. This, of

course, requires a certain degree of localization, and a commitment to training the local sales and service force.

In addition, there are other new challenges in the Chinese market such as food safety and product warranty issues. In recent years, a few notable American companies have been criticized in China not providing adequate customer service according to the Chinese law. American companies should be aware of the increased importance food safety and product warranty issues in China. U.S. companies need to develop a public relations strategy to address customer concerns in a very price sensitive market like China where customer expectations from private sector are high. In China, customers often use social media outlets to express their dissatisfaction over products and services and do not hesitate to involve appropriate government bodies to obtain a response from private sector service providers.

Protecting Your Intellectual Property

[Return to top](#)

Several general principles are important for effective management of intellectual property (IP) rights in China. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in China than in the U.S. Third, rights must be registered and enforced in China, under local laws. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. Your U.S. trademark and patent registrations will not protect you in China. There is no such thing as an “international copyright” that will automatically protect a work of authorship throughout the entire world; however, most countries do offer copyright protection to foreign works without a requirement to register under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for patent and trademark protection even before conducting business in the China market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in China. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in China law. The U.S. Department of Commerce can provide a list of local lawyers upon request.

While the U.S. Government stands ready to provide information about China IP rights protection and enforcement mechanisms, the rights holders must take these fundamental steps necessary to securing and enforcing their IP in a timely fashion in order to best position themselves to protect their IP. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A

good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. This may create significant difficulties later should the partnership turn sour. Work with legal counsel familiar with China laws to create a solid contract that includes non-compete clauses, confidentiality/non-disclosure provisions, and other provisions to clearly articulate ownership of IP.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both China or U.S.-based. These include:

- The U.S. Chamber of Commerce (USCC)
- Local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- Advanced Medical Technology Association (AdvaMed)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers China at: joel.blank@trade.gov or tim.browning@trade.gov.

Due Diligence

[Return to top](#)

While China is one of the most promising global markets, it is also one of the most challenging environments for American companies. Many U.S. companies are able to profitably enter and operate in the Chinese market, but each year a large number of firms face serious difficulties that result in costly and disruptive local business disputes.

A large number of these disputes may have been successfully avoided through standard due diligence. The primary causes of commercial disputes between Chinese and American companies include breach of contractual payment obligations, irregularities in accounting practices, financial mismanagement, undisclosed debt, and the struggle for control within joint ventures. These problems can be minimized by investigating the financial standing and reputation of Chinese companies before signing contracts or entering into partnership agreements.

Both U.S. and Chinese service providers with offices in China conduct due diligence investigations. The fees charged by these companies should typically be considered a worthwhile investment to ensure the local customer or partner is financially sound and reliable. As part of the overall due diligence process, the Department of Commerce is able to assist American companies in evaluating potential business partners through the International Company Profile (ICP) service. As a general rule, CS strongly encourages more due diligence in China than American companies would typically need in the United States or most other international markets.

Local Professional Services

[Return to top](#)

The system for regulation of foreign commercial activity in China is difficult to navigate and is not fully transparent. Companies new to the market are strongly encouraged to retain professional services to structure commercial transactions. Establishing a wholly foreign owned subsidiary, joint venture, or representative office requires compliance with complex contract approval requirements, business registration requirements, taxation regulations and statutes, and labor regulations. Many U.S. banks, accountants, attorneys, and consultants have established offices in China and are familiar with Chinese requirements. Some Chinese professional service providers also have substantial experience serving foreign clients.

Accountants

Chinese law requires representative offices and foreign-invested enterprises to engage the services of accountants registered in China to prepare official submission of annual financial statements and other specified financial documents. Therefore, only Chinese accountants and joint venture accounting firms may provide these services. All of the major U.S. accounting firms have established offices in China and provide services including audit, tax and advisory services, the preparation of investment feasibility studies, and setting up accounting systems that are in compliance with Chinese law.

Attorneys

Over one hundred U.S. and international law firms have received approval to register in China as foreign law firms, and currently operate in China. Foreign law firms registered in China are restricted to advising clients on legal matters pertaining to the jurisdiction where they are licensed and general international business practices. Although a foreign lawyer may not offer a legal opinion, clients can obtain assistance with structuring transactions, drafting contracts and resolving disputes. Only attorneys licensed in China may appear in court and provide legal advice on Chinese legal matters. Chinese lawyers are allowed to work at foreign law firms, but they may not practice law as licensed Chinese attorneys. Foreign lawyers are not permitted to qualify to practice law in China and are not allowed to form joint ventures with Chinese lawyers.

The legal services that a foreign law office can provide are limited to: 1) providing consulting services to its clients with regard to the home legal affairs for which it is licensed and international conventions and practices; 2) providing legal services to its clients or Chinese law firms with regard to legal affairs in the country/region for which it is licensed; 3) entrusting Chinese law firms with regard to China legal affairs on behalf of its foreign clients; 4) establishing long-term contractual relationships with Chinese law firms with regard to legal clientele; and 5) providing information with regard to the impact of Chinese legislation.

Management Consultants

Foreign companies new to the Chinese market often engage the services of local consultants to develop market entry strategies, conduct due diligence investigations, and identify potential investment partners, sales agents and customers. Most of the major foreign consulting firms are active in the Chinese market, along with a number of small niche players, as well as many local companies.

Advertising

Almost 100,000 advertising firms exist in China; with a total of 35 American firms, 90 U.S. based subsidiaries and 400 U.S. branches. Many major international advertising firms have established a presence in China. Companies new to the market can gain valuable advice from top-notch advertising firms on how to craft an effective advertising strategy that is responsive to Chinese consumer preferences and cultural differences. Advertising is strictly regulated in China, and penalties for violation of the law through misleading advertisements, unauthorized use of national symbols, or other prohibited forms of advertising are subject to fines.

The U.S. Department of Commerce maintains lists of U.S. law, accounting and consulting firms with offices in China, as well as lists of Chinese firms with whom the Commercial Office or its customers have had favorable dealings. Local professional services can be found at: <http://export.gov/china/bsp/index.asp>

Web Resources

[Return to top](#)

U.S. Commercial Service, U.S. Department of Commerce, China (English)
www.export.gov/china

U.S. Commercial Service, U.S. Department of Commerce, China (Chinese)
www.buyusa.gov/china

International Trade Administration, U.S. Department of Commerce
www.trade.gov (now built into the export.gov/china site)

China Trade Show Events
http://export.gov/china/tradeevents/eg_cn_069876.asp

American Chamber of Commerce, Beijing
www.amchamchina.org

American Chamber of Commerce, Shanghai
www.amcham-shanghai.org

AmCham Shanghai's Small- and Medium-sized Enterprises Center
<http://sme.amcham-shanghai.org/>

American Chamber of Commerce, South China
www.amcham-southchina.org/

U.S.-China Business Council
www.uschina.org

U.S. Embassy, Beijing
beijing.usembassy-china.org.cn/

U.S. Consulate, Shanghai
shanghai.usembassy-china.org.cn/

U.S. Consulate, Guangzhou
guangzhou.usembassy-china.org.cn/

U.S. Consulate, Chengdu
chengdu.usembassy-china.org.cn/

U.S. Consulate, Shenyang
shenyang.usembassy-china.org.cn/

U.S. Consulate, Wuhan
wuhan.usembassy-china.org.cn/

The Chinese Central Government's Official Web Portal
<http://english.gov.cn/>

Guide to Investment in China (site of China's Ministry of Commerce)
<http://fdi.gov.cn/index.htm>

The American Chamber of Commerce in Shanghai China Business Report 2013-2014
<http://www.amcham-shanghai.org/ftpuploadfiles/Website/CBR/2013-2014-China-Business-Report.pdf>

USCBC 2013 China Business Environment Survey Results
<https://uschina.org/reports/china-business-environment-october-8-2013>

Business Forum China
<http://www.businessforum-china.com/>

The Council of American States in China (CASIC)
http://www.casic.us/index_en.asp

China Council for the Promotion of International Trade

<http://www.bizchinanow.com/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Safety and Security](#)
- [Automotive](#)
- [Aviation](#)
- [Clean Coal Technology](#)
- [Environmental Technology](#)
- [Construction and Green Building](#)
- [Education and Training](#)
- [Franchising](#)
- [Agricultural Equipment](#)
- [Marine Industries](#)
- [Travel and Tourism](#)
- [Medical Devices](#)
- [Information and Communications Technology – Equipment and Software](#)
- [Oil and Gas](#)
- [Nuclear](#)
- [Rail and Urban Rail](#)

Agricultural Sectors

Safety and Security

Overview

[Return to top](#)

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	5,577	7,244	8,630	9,500
Total Local Production	5,064	6,839	8,250	9,120
Total Exports	270	577	520	570
Total Imports	513	405	380	380
Imports from the U.S.	111	107	100	95
Exchange Rate: 1 USD	RMB 6.29	RMB 6.1956	RMB 6.3	RMB 6.6

Source: China Customs, Zeefer Consulting

As one of the world's fastest growing economies, China is undertaking numerous large-scale projects nationwide including airports, sports stadiums, and metro systems that will entail the installation of extensive security systems. Before selling into China, U.S. exporters need to be aware of China certification requirements as well as potential U.S. export controls. In 2013, due to increased demand from urban construction, transportation infrastructure development, finance, education, and the military, the market for safety and security equipment in China reached \$7.24 billion, a 27.95% increase over 2012. These industries will remain robust as will growth in the emerging industries such as Intelligent Transportation System (ITS) and Intelligent Building.

Sub-Sector Best Prospects

[Return to top](#)

Safety and security products in China are mainly used in public security, transportation, and finance. In recent years, demand for safety and security products in health care, education and civilian fields experienced significant growth. Much of the demand for safety and security solutions focuses on high-tech equipment, such as digital technology, network technology for inspection control systems, early warning systems, detection equipment, and access control systems. Specific sectors are:

- Digital technology, network technology for inspection control systems. Due to the Chinese government's implementation of the "Safe City" safety and security policy and industry's need to expand video-monitoring coverage, the network video-monitoring market continues to grow rapidly. Whole systems are developed for running platforms and managing organizational intelligence. The markets for control systems in transportation, commercial residential building, public security, the courts, and finance account for about 55% of total demand.
- Early warning systems: there is strong demand for intelligent airport systems. Foreign companies dominate the market for high-end products, leading the trend towards integrated safety and security systems.
- Detection Equipment: since China's domestic manufacturers lack capacity to produce enough equipment, foreign products in this field are in high demand.

- Access control systems: the systems are mainly used in traffic control and management. The application for controlling people in Intelligent Building operations has enormous market potential. China's domestic manufacturers mainly dominate the access control system market for physical identification, while foreign companies dominate the market for high-end products such as biometric identification.

Opportunities

[Return to top](#)

Opportunities & Obstacles

The safety and security sector remains a highly regulated industry in China. U.S. exporters should look for opportunities to cooperate with Chinese engineering firms that have close connections with the Chinese government.

Intellectual Property Rights (IPR): U.S. safety and security companies will greatly benefit from improved IPR protections and increased transparency undertaken by the Chinese government. However, U.S. companies should still take precautions to protect their IPR by ensuring that they have undertaken the proper protections to restrict illegal copying or distribution of their safety and security products.

In addition, it is recommended that U.S. companies establish a clear strategy to handle the challenges of protecting their IPR in a complex legal environment. More specifically, companies should consider how to structure their business transactions to minimize risks of intellectual property theft and how to protect and enforce their rights in the most economical and cost effective way.

For more details on China's IPR environment, please refer to the materials located in the "China IPR Toolkit" located at the following site: <http://beijing.usembassy-china.org.cn/ipr.html>

Market Entry

The security industry is still at the center of several regulatory issues. Regarding restrictions imposed by the U.S. government, provisions of the Tiananmen Sanctions against China are still in effect, prohibiting the sale of certain crime control items to the Chinese military and police. Often times, a re-export license must be obtained from the Department of Commerce before exporting for end-use in China.

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations which regulate the export and re-export of most commercial items. The BIS Exporter Services Division is responsible for counseling exporters, conducting export control seminars, and drafting and publishing changes to the Export Administration Regulations. It is also responsible for licensing and compliance actions relating to the special comprehensive license, and for administering the processing of license applications and commodity classifications.

In terms of restrictions by China's central government, China's Ministry of Public Security oversees the trade of all security products as well as the police, fire, and other emergency services departments. Certain intruder alarm systems need the China Compulsory Certification (CCC) mark from the China Certification Center for Security and Protection before they can be sold in China. More details on the CCC mark please visit www.cnca.gov.cn

Web Resources[Return to top](#)

China's Ministry of Public Security
www.mps.gov.cn

China Security & Protection Industry Association
www.21csp.com.cn

China Fire Protection Association
www.cfpa.cn

United States Bureau of Industry and Security (BIS)
www.bis.doc.gov

Automotive Industry

Overview

[Return to top](#)

China is the world's largest automotive market and has transformed significantly since China's WTO acceptance a decade ago. It is projected that China's car market will represent an estimated 35% of the total growth in the world's car market (from 2011 to 2020).

In 2013, Chinese auto sales reached 21.98 million units, an increase of 13.9% from 2012. Total sales of passenger cars (i.e. excluding buses and heavy trucks) grew 15.7% to 17.93 million units sold in 2013. Total sales of commercial vehicles reached 3.8 million units, down 5.49% from 2012. Although sales of commercial vehicles experienced a slight downturn, China has maintained its place as the world's leader in both production and sales for the fourth consecutive year. Auto production and sales in the first quarter of 2014 were 5,891,700 and 5,922,300 respectively, with year-on-year growth of 9.2%.

China's top ten car manufacturers in 2013 were: Shanghai GM, FAW-Volkswagen, Shanghai Volkswagen, Beijing Hyundai, Nissan-DFM, Changan Ford, Geely, Dongfeng Peugeot Citroen, Chery and FAW Toyota. In 2013 these ten companies accounted for 65.91% of total auto sales in China.

The China Association of Automobile Manufacturers (CAAM) expects the Chinese domestic auto market demand will reach 23.8 million units for 2014, among which, 22.35 million units are expected to come from domestic car sales (the remaining 1.45 million units are expected to come from sales of imported cars). From 2002 to 2011 tier 3 and 4 cities contributed to 40% of total new car sales and are expected to rise to 60% by 2020.

From 2009 to 2013, the China auto industry experienced two stages of development: the first stage was explosive growth from 2009 to 2010, after an *auto stimulus policy* initiated by the Chinese government; the second stage was a reconstruction, concentration and stabilizing stage from 2011 to 2013. This second stage was difficult for auto makers and prompted the pursuit of new technologies, in an attempt to lead the industry. It is expected that the Chinese auto market will become more mature with healthier competition in the next five years, under the "indigenous innovation" policy initiated by the government. The policy will also push automakers and consumers to consider more energy-efficient automobiles.

2009 – 2013 China Auto Market Growth Rate

Year	Growth Rate	Incremental Volume (sedans, MPVs and SUVs)
2009	N/A	13,640,000
2010	40%	18,000,000
2011	2.7%	18,500,000
2012	4.3%	19,300,000
2013	13.9%	21,980,000
2014(Predicted)	8.3%	23,800,000

Source: China Association of Automobile Manufacturers (CAAM)

Sub-Sector Best Prospects

[Return to top](#)

Best prospects in China's auto industry include electric vehicles (EVs) and new energy vehicles (NEVs) as well as recreational vehicles (RVs).

Electric Vehicles (EVs) and New Energy Vehicles (NEVs)

The Chinese government 12th Five-Year-Plan (2011-2015) includes specific directives to steer the nation toward energy-efficient vehicles, specifically New Energy Vehicles (NEVs), as a way to combat petroleum imports and oil dependency, as well as to build new industrial capacity. For example, during the 12th FYP, the central government initiated the "Ten Cities, 1,000 Vehicle Program" to stimulate electric vehicle development in ten cities. The pilot program was eventually expanded and now includes 28 cities.

To promote electric vehicles among consumers, the central and provincial governments introduced *purchase subsidies* for 100%-electric and plug-in hybrid vehicles. Until 2015, the Chinese government will support the development of energy-efficient and New Energy Vehicles (and its key auto parts manufacturing, such as the motors, controllers and batteries). These policies will play an important role in driving changes in the Chinese auto market and will create opportunities for U.S. companies with expertise in these areas.

2011-2013 Top 10 Domestic Electric Passenger Vehicle Manufacturers (Accumulative Production)

Rank	Manufacturer	Accumulative production (Units)	Market share
1	Chery	9,379	48.90%
2	JAC	3,733	19.50%
3	Zotye	1,860	9.70%
4	BYD	1,544	8.10%
5	Beiqi	811	4.20%
6	Haima	441	2.30%
7	SAIC	358	1.90%
8	Foton	254	1.30%
9	Changhe	200	1.00%
10	Chang'an	120	0.60%

Source: China Association of Automobile Manufacturers (CAAM)

On September 13th 2013, NEV Incentive Policy (Phase II) was released by the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT), the Ministry of Science and Technology (MOST), and the Ministry of Finance (MOF) in a joint effort to encourage NEV use in cities. Large cities, such as Beijing, Shanghai, Guangdong are required to meet the goal of selling at least 10,000 units between 2013 and 2015, and other *pilot cities* have committed to selling at least 5,000 units of NEVs during the same period. In order to acquire more foreign technologies and develop the industry, *non-locally manufactured* EVs and NEVs must account for at least 30% of the total sales.

Below is a map of the 28 Pilot Program Cities for Phase II of the NEV Incentive Policy.



The central government aims to promote alternative energy vehicles, especially 100%-electric vehicles (also known in China as BEV or Battery Electric Vehicles) and PHEV (Plug-in Hybrid Electric Vehicle) with a goal of having a fleet of 500,000 units, comprised of BEV and PHEV by 2015 and 5 million units by 2020. The Chinese government will invest over \$16 billion to achieve these targets.

The central government will continue to push for electric vehicle use in commercial operations that are dependent on large vehicle fleets, such as automotive rental/sharing services and taxi companies. New technology companies may be better off exploring commercial opportunities directly with the Chinese automobile industry. Chinese domestic automakers, such as Chery, BYD, BAIC, and SAIC, continue to grow and are expanding manufacturing overseas, particularly in Africa and Mexico.

Recreational Vehicles

The Recreational Vehicle business in China has increased in recent years, benefitting both domestic and foreign manufacturers. According to CAAM, China will have 3.3 billion domestic tourists annually by 2015; about 50 to 60 million private vehicles will be used by these tourists. A large number of motels, auto campsites, and service stations will be set up to meet the demand of the growing number of RV enthusiasts. Industry experts forecast that Chinese RV ownership will grow at an annual rate of 30% between 2013 and 2015. It is expected that China will have more than 15,000 RVs 'on the road' by 2015.

Compared with the RV market in North America, China's RV market is still relatively small. Chinese end-users bought an estimated 1,000 RVs in 2012, compare with more than 250,000 RVs sold in the United States. With China's first generation of middle-class entering retirement, the China RV and Camping Association predicts it will take 20 years for there to be 500,000 units 'on the road'.

China has motorhomes and trailers, ranging from roughly \$16,000 to over \$158,000 (100,000 RMB to 1 million RMB). Currently in China, there are approximately 40 RV manufacturers consisting mostly of conversion and specialty vehicle makers. Domestic RV manufacturers dominate with about 60% of the Chinese market, and offer a wide range of choices for buyers.

With the rising middle class, Chinese citizens' want to take the 'comforts of home' with them on the road. In 2011 China imported 150 RVs from the United States and 46 RVs from other countries, compared with 108 RVs from the United States and 111 RVs from Germany in the first eight months of 2012.

Although approximately 6,000 RVs are on the road in China, there are only about 100 campsites in operation. The lack of campsite expansion and the establishment of relevant laws and regulations for *RV Standards* are important factors to consider because they may slow market demand and potential sales of RVs. The Chinese government is currently considering input from both the E.U. and United States as it creates its own set of *RV Standards*.

On December 3, 2009, the State Council circulated an opinion on accelerating development of the tourism industry. The document points out that China should vigorously support the emerging tourism industry, including RVs and boats. Campsite construction has won increased government support. The Chinese auto industry has listed RVs as a key emerging sector to boost healthy, rapid and stable development.

In June 2012, The Recreation Vehicle Industry Association (RVIA) met with China Automotive Technology and Resource Center (CATARC) for the signing of a Memorandum of Understanding between both organizations to work together on *RV standards* issues in China. Additionally the RVIA will work with China's Ministry of Transport on RV road use regulations.

A breakthrough announcement came earlier this year as the first RV campground in Shanghai is set to open on Chongming Island in October 2014. Two separate recreational areas, Mingzhu Lake Area and Dongping Forest Area will offer RV owners campground parking as well as up to 25 RVs that can be rented by visitors. Tourism government officials have been keen to develop RV tourism in that area as they are considering creating special routes for RVs in the Yangtze River Delta.

Key Auto Parts and Technologies

China has about 6,000 automotive enterprises, which encompass five major sectors: motor vehicle manufacturing, vehicle refitting, motorcycle production, auto engine production, and auto parts manufacturing. All tiers of the industry are being driven by the booming sales of the OEM (Original Equipment Manufacturer) sector. Nearly 80% of the revenue for the auto parts and accessories market is through new vehicle sales. However, revenue from aftermarket sales is rapidly increasing.

Shanghai and its surrounding provinces (Zhejiang, Jiangsu, and Anhui) are the centers for component manufacturing, representing around 44% of national production. Shanghai is home to Shanghai General Motors, Delphi, Visteon, and other notable American automotive companies. Therefore, Shanghai provides a good starting point for American automotive component exporters to explore the Chinese market. In addition to Shanghai, other major automotive centers in China include: Beijing (Capital), Guangzhou (South China), Chongqing (West China), and Changchun (North China).

The following automotive segments in China are considered to be highly competitive and will be relatively difficult for low-tech automotive goods segments to penetrate, unless they have a unique competitive advantage. For example, these segments are dominated by low-cost producers:

- Fabric for seats/interiors
- Seat covers
- Floor mats
- Curtains
- Aluminum die casting

- Rubber bumpers
- Electronic harness cables
- Antennas
- Speakers
- Electric starters
- Vehicle cleaning products
- Window films
- A/C compressors
- Fuel, air and oil filters

However, key auto parts include efficient diesel engines, efficient gasoline engines, key spare parts for new energy vehicles, and energy efficient vehicles. Notably, new technology, particularly battery swap and plug-in hybrid vehicles are in high demand in China, especially among large auto makers at the local level (including Dongfeng Motor, Great Wall Motors, and Brilliance Auto).

Automotive Aftermarket Products and Services

Although improvements have been made in this field in the past decade, China's *aftermarket* products and services still lag far behind those of developed countries. However, WTO commitments have brought about significant changes in the *aftermarket* segment. China's *aftermarket* now faces the following challenges:

- Establishing an information feedback system with end-users, in order to improve service
- Modernizing outdated sales systems
- Increasing the competitiveness of domestic auto parts and accessories
- Cracking down on counterfeit products
- Making aftermarket products and services more accessible

However, as the market matures, statistics show the aftermarket segment is increasing in recent years. Revenue from the segment - which includes car maintenance, parts, modification and renting - exceeded 450 billion RMB (\$72.95 billion) in 2013. It is forecasted to exceed 766 billion RMB by 2015.

Vehicle manufacturing and sales, parts, and aftermarket services are the pillars of profit in the automotive industry chain. In developed countries, aftermarket services account for about 60% of profit, but the proportion in China is only about 20%. It means the Chinese market holds great potential.

Opportunities

[Return to top](#)

Despite the competitiveness of the market and trade disputes, opportunities exist for American auto makers and parts suppliers. All of the major U.S. automakers are opening up new plants, primarily to serve the growing domestic market. Other opportunities exist in energy efficient vehicles and technology, particularly with battery swap and plug-in hybrid vehicles (which are being actively promoted by the central government). There is also the potential for JV partnerships between U.S. and Chinese firms to develop these technologies for the Chinese domestic market, however, strategies for protecting IP must be considered.

2014 Trade Shows and Events:

CIAACE 2014 - 19th China Int'l Expo for Auto Electronics, Accessories, Tuning & Car Care Products (CIAACE 2013)

May 16th-18th, 2014

Beijing, China International Exhibition Center New Venue,

The 15th China International NGV and Gas Station Equipment Expo

May 07-9, 2014

Beijing, China International Exhibition Center New Venue,

Shanghai International Heavy-Duty Vehicles, Trucks and Auto Parts Exhibition 2013

May 27-29, 2014

Shanghai World Expo Exhibition & Convention Center (SWEECC)

CIAAE 2014 - The 12th China (Guangzhou) International Auto Accessories Expo

June 9-11, 2014

Guangzhou, PAZHOU Poly World Trade Expo Center

CIAAF 2014 - China International Auto Aftermarket Fair & the 11th China Int'l Auto Accessories and Replacement Fair

June 26-30, 2014

Auto Chongqing 2013 – The 15th Chongqing International Auto Industry Fair

June 6-12, 2014

Chongqing International Convention & Exhibition Center

AIC 2014 – All in CARAVANING

June 27-29, 2014

Beijing, Beijing Exhibition Centre (BEC)

CIAIE 2014 - The 4th China International Automotive Interiors and Exteriors Exhibition

July 7-11, 2014

Shanghai New International Expo Centre (SNIEC)

AIT 2014 - All in TUNING

August 9-11, 2014

China National Convention Center (CNCC)

AMTS 2014 - Shanghai Int'l Automotive Manufacturing Technology & Material Show 2014

August 11-13, 2014

Shanghai New International Expo Centre (SNIEC)

Automotive Testing Expo China 2014

August 15-17, 2014

Shanghai Everbright Convention & Exhibition Center (SECEC)

RA China 2014 - The 10th RA China Auto Salon

October 11-13, 2014

Shanghai World Expo Exhibition & Convention Center (SWEECC, Formerly Shanghai World Expo Theme Pavilion)

SIAAF 2014 - Shanghai International Automotive Aftermarket Fair 2014

October 14-16, 2014

Shanghai New International Expo Centre (SNIEC)

CIAAR 2014 - China International Auto Air-conditioning & Transport Refrigeration Exhibition
October 15-17, 2014
Shanghai Everbright Convention & Exhibition Center (SECEC)

CIAPE 2014 - China International Auto Products Expo 2014
October 19-21, 2014
China Expo Complex

2014 SAECC/CAEMEX - 2014 SAE-China Congress & China Automotive Engineering and
Manufacturing Expo
Shanghai Automobile Exhibition Center (SAEC)
October 22-24, 2014

NEAS 2014 - New Energy Auto Show 2014
Shanghai New International Expo Centre (SNIEC)
November 4-8, 2014

CAPA Fair 2014 - China Zhejiang International Auto Parts & Accessories Trading Fair 2014
Ningbo International Conference and Exhibition Center (NICEC)
November 5-7, 2014

SDCE 2014 - 2014 Shanghai Automotive Casting Exhibition and 2nd Precision Die Casting Exhibition
November 6-8, 2014
Shanghai Automobile Exhibition Center (SAEC)

CIAME 2014 - China International Automobile Manufacturing Exposition 2014
November 20-22, 2014
China International Exhibition Center (CIEC)

Auto Guangzhou 2014 - 12th China (Guangzhou) International Auto Parts & Accessories Exhibition
November 20-23, 2014
China Import and Export Fair Pazhou Complex, Guangzhou
The 5th Rubber Parts Show on Auto and Engineering
December 3-5, 2014
Shanghai New International Expo Centre (SNIEC)

Automechanika Shanghai 2014
December 9-12, 2014
Shanghai New International Expo Centre (SNIEC)

AAITF 2015 - 11th China International Automotive Aftermarket Industry and Tuning Trade Fair
January 16-18, 2015
China Import and Export Fair Pazhou Complex, Guangzhou

Web Resources

[Return to top](#)

Ministry of Transport of China (MOT)
<http://www.mot.gov.cn>

China Associations of Automobile Manufacturers
<http://www.caam.org.cn/>

China Automobile Dealers Association
<http://www.china-cada.org.cn>

China Automotive Technology and Research Center (CATARC)
http://www.catarc.ac.cn/ac_en/index.htm

Department of Mechanic, Electronic and Hi-Tech Industry, MOFCOM
<http://cys.mofcom.gov.cn/>

Certification and Accreditation Administration (CCC Certification)
<http://www.cnca.gov.cn/>

Ministry of Information and Technology, Department of Industries
<http://cys.miit.gov.cn/>

Aviation

Overview

[Return to top](#)

Aircraft, Spacecraft, and related parts (HS Code 88)

Unit: USD millions

	2011	2012	2013
Total Exports	1,624	1,560	1,941
Total Imports	13,794	17,727	23,183
Imports from the U.S.	5,493	7,590	13,580
U.S. share of total imports	40%	43%	59%

Source: World Trade Atlas

China is the world's second largest and one of the world's fastest growing civil aviation markets. The industry has grown at double-digit rates for several years. Industry forecasts expect growth to remain strong over the medium term, averaging 7% over the next 20 years. Commercial opportunities in the civil aviation market include final assembly and tier-one suppliers, small niche parts manufacturers, airport design and construction companies, and general aviation among others.

As stated in China's 12th Five Year Plan, China plans to build 56 new airports, re-locate 16 airports, and renovate/expand 91 airports with investment totalling \$68.5 billion during the 2011 – 2015 period. At the end of 2013, the total number of civil airports in China was 193. China will have more than 230 airports by 2015, accessible by 83% of the population, including 3 national hubs, 5 regional hubs, and 24 medium hubs.

The commercial air fleet will grow along with the number of airports, up from 2,888 aircraft in 2011 to an estimated 4,500 by 2020. China's top three airlines, i.e., Air China, China Southern, and China Eastern, are now among the world's top 10 carriers. Boeing's "Current Market Outlook" forecasts that China's airlines will add over 5,580 new transport airplanes valued at \$780 billion (RMB 4.72 trillion) during the next 20 years. <http://www.boeing.com/boeing/commercial/cmo/>

China has become an integral and growing part of the global aviation supply chain for a wide variety of aviation products and services and is making progress on its plans to enter the large commercial airplane manufacturing market. The increase in the number of airports and aircraft will require new infrastructure, aircraft engines and parts, pilots, controllers, communication/navigation/surveillance systems and other equipment presents significant business opportunities for U.S. exporters.

Sub-Sector Best Prospects

[Return to top](#)

Aircraft Parts: Manufacture and Repair

Aircraft parts (HS Code 8803)

Unit: USD millions

	2011	2012	2013
Total Imports	1,785	1,737	2,081
Imports from the U.S.	625	590	620
U.S. share of total imports	35%	34%	30%

Source: Global Trade Atlas

China's import market for aircraft parts and components exceeded \$2 billion in 2013, an increase of around 20% compared with year 2012. China's demand for aircraft parts can be attributed to a number of factors including an increasing capacity utilization rate, the age and expansion of China's aircraft fleet, and the domestic production and assembly of aircraft.

As of 2011, China had a civil aviation fleet of 2888 aircrafts with an average age of 6.35 years, and as the fleet continues to age, it will require parts and equipment for routine maintenance and repair. Though there are a number of major domestic aircraft and parts manufacturers scattered throughout China, the sector is still underdeveloped, creating a strong demand for reliable imported products and technologies to ensure quality standards.

China's domestic aircraft part and assembly manufacturing sector is also growing. In addition to approximately 200 small aircraft parts manufacturers, there are also a number of regionally-based major manufacturers concentrated in Shanghai, Chengdu, Xi'an, Jiangxi and Shenyang. China's domestic manufacturing base is developing, as reflected by the commitments of large aircraft and engine manufactures to expand procurement in China over the long term. However, most highly technical and sophisticated parts and assemblies will continue to be imported until production quality meets international standards. At the present time, domestic manufacturers do not have the ability to produce all of the qualified materials and parts.

Airports

China currently has 193 civil aviation airports, including the world's second busiest in Beijing, with plans to expand aggressively to more than 230 by 2015. The expansion will place 83% of China's population and 96% of its GDP within 100 kilometres (roughly 60 miles) of the nearest airport, greatly enhancing the potential for aviation growth.

The airport system at present is highly concentrated, with top airports suffering from major congestion. The top three airports, Beijing, Shanghai and Guangzhou, account for 1/3 of all traffic, while the top 14 airports handle 2/3 of total traffic nationwide. Local industry estimates indicate that 40 of China's airports are already at or near capacity, with another 29 expected to reach this limit within the next two years. To relieve congestion, China opened 19 new airports over two years from 2009–2011.

International companies will have opportunities to participate in both the airport design and in the infrastructure construction. Qualified companies can bid for design, consultation, surveillance, management, and construction of designated civil airport projects. However, the chances for international leading design and construction companies to win the bid are limited, unless partnering with qualified Chinese domestic design and construction companies. So far, the Beijing Capital Airport, Shanghai Pudong Airport, Shanghai Hongqiao Airport, Shenzhen Huangtian Airport, and Guangzhou's new Baiyun Airport are all designed by international companies with local Chinese partners.

Ground service is another area in which foreign companies can actively participate. Beijing Capital Airport, Guangzhou Baiyun Airport, and Chengdu Shuangliu Airport have all established joint ventures with foreign partners (Singapore, Indonesia and UK) in ground services. Shanghai Airport Ground cooperated with Cargo Warehouse and Lufthansa set up a joint venture. China Air Oil Supply Corporation (CAOSC) has established many joint ventures with foreign companies to provide airport oil supply services.

General Aviation (GA)

In China, the airspace is tightly controlled by the Chinese military and the airspace class system does not segment out its GA air activities. Strict military control over roughly 70% of all Chinese airspace is the largest single factor limiting growth of this industry. GA is still underdeveloped in China in terms of GA aircraft numbers, GA professionals and GA facilities.

However, a welcome change came in November 2010 when civilian and military authorities issued a joint reform document calling for liberalization of low altitude airspace under 4,000 meters (13,000 feet), setting the goal of opening up airspace below 1,000 meters by 2015 and airspace below 3,000 meters by 2020. Implementation of the reform will roll out in three stages, starting with an Experimental Phase in Guangzhou and Shenyang. The policy outlines a national rollout by 2015, and a final deepening and consolidation by 2020.

Since then, GA has been developing at a fast pace with new players coming to this market and the more involvement of local governments. GA has big potential market driven by the state and local economy development plan, the public demand for business jet, and the need for public services and individual recreations.

China currently has 123 operators registered with the Civil Aviation Administration of China (CAAC), the main stakeholder formulating policies and regulations concerning the safety and economics of GA in China. However, about 80% of Chinese operators have only 2 or 3 aircraft thus struggle to achieve operating scale and profitability. In addition, GA aircrafts are very costly to use in China due to airspace access, flight approval procedures, and operation charges such as airport charges, plus maintenance services. All of these factors contribute to low profitability for Chinese operators.

Helicopters

China will further open up its low-altitude airspace (below 1,000 meters) across the board by 2015 to unleash a vastly untapped general aviation market, valued at trillions of RMB. With the rise of the General Aviation market here, China could become the fastest-growing helicopter market in the world. It is both exciting and challenging. In China, two-thirds of the country is covered by hard to reach mountains and high plateaus.

In 2008, an earthquake in the Sichuan region of China resulted in many casualties, and Chinese officials cite the failure of emergency teams to reach inaccessible areas as the reason. This has convinced China's leaders that they must dramatically increase their helicopter fleet.

For a country similar in geographical size to the United States, China operates comparatively few helicopters, most of which are built abroad, with the rest built locally under license. But with demands growing in both military and civil sectors, change is on the horizon for China's relatively small helicopter industry. The main civil helicopters are supplied by Airbus Helicopters, Sikorsky Aircraft Corporation, Bell Helicopters, AgustaWestland Helicopters, Russian Helicopters and Robinson Helicopter Co. The local suppliers are Changhe Aircraft Industry Corporation and Harbin Aircraft Manufacturing Corporation. In 2013, Chongqing Helicopter Investment Co. Ltd acquired Enstrom Helicopter Corporation and entered into China market.

As of October 2013, there were 381 civil helicopters in China. Over the next ten years, China's civil helicopter needs are expected to rise up to about 1,500 helicopters. China has realized the importance of helicopters for disaster relief work and medical rescues, and the country has become a bright spot in the struggling helicopter industry.

The Chinese government has also loosened its control on helicopter manufacturing to allow local private firms and foreign companies to co-operate in developing and manufacturing civil helicopters. The growing Chinese economy provides a huge potential market for helicopters of all classes.

Below is a partial yet representative list of best sales prospects:

Air Data & Inertial Reference System (ADIRS) Airfield buses Automatic Flight Control System (AFCS) Auxiliary power unit, door system Avionics Bearings Baggage sorting systems and handling equipment Baggage x-ray machines Crew seats Composite Materials De-icers/ Refuellers Electric power system Emergency evacuation equipment Engine vibration monitoring system Flight Data Recording System Flight Control Actuation System Flight deck control suite Fire fighting vehicles Fire protection equipment Food loaders	Fuel hydraulics Fuel System Fuel Tank Inserting System High Lift System Hydraulic System Integrated flight deck panel Integrated Supervise & Control System Interior components Landing gear Lighting equipment On-board Maintenance System Oxygen fuelling vehicles Radio remote control apparatus Runway friction testers Pilot training Signalling & Safety equipment for airfields Telecommunication and Navigation System Towing tractors Turbofan Engines Windshield heater control & wiper system Windshields and opening windows
--	--

Opportunities

[Return to top](#)

In July 2012, China's "State Council Opinions on Promoting Civil Aviation Development" set several key development targets for the industry including a transport growth rate of 12.2 percent for 2011-2020, an improved safety record, general aviation growth of 19 percent, and increased access to air services for more of the population. China's civil aviation system is forecasted to be as large as the U.S. system in approximately two decades.

Meaningful cooperation between the United States and Chinese governments on aviation is essential to realizing these business opportunities. The U.S. Federal Aviation Administration (FAA) and the Civil Aviation Administration of China (CAAC) continue to enjoy a close partnership that has benefited both sides for many years. The U.S.-China Aviation Cooperation Program (ACP) brings together U.S. industry and government agencies from both countries - CAAC, FAA, the U.S. Trade and Development Agency (TDA), and the U.S. Transportation Security Administration (TSA) in a unique and active forum for bilateral cooperation.

Efforts to reduce constraints on the healthy and sustainable development of civil aviation in China have been largely successful. However, significant challenges remain. Further efforts are needed to open up and modernize China's airspace system, reduce inefficiencies and congestion, realize environmental benefits, and accommodate growth.

U.S. firms without an existing China presence may want to consider hiring a local distributor or representative. This partner generally helps establish access to decision makers and gain timely commercial information about the market. They also traditionally leverage personal connections to promote the U.S. product, and develop sales leads. While this is a common global practice, successful exporters comment on the need to invest significant time and attention to maintaining and managing relationships with Chinese partners. Some U.S. firms decide to enter into a Joint Venture (JV) relationship with Chinese partners, exchanging technological know-how for market access. This should only be done after significant due- diligence and cost/benefit analysis.

U.S. firms often use training programs to establish productive partnerships with Chinese clients. Industry associations such as the U.S.-China Aviation Cooperation Program (ACP) can serve as valuable vehicles for American firms to leverage similar opportunities.

Trade Events

China Commercial Aircraft Summit 2015

April, 2015 • Shanghai, China • www.opplandcorp.com/aero

7th, the global aerospace landscape, aircraft manufacturing, subcontracting in China.

AvioniChina (China International Conference & Exhibition on Avionics & Testing Equipment)

September, 2014 • Xi'an, China • www.avionichina.com

Avionics products, system and test equipment technology and infrastructure.

China Helicopters Expo

September, 2015 • Tianjing, China • www.helicopter-china-expo.com

Air Show China 2014

November 11–16, 2014 • Zhuhai, China • www.airshow.com.cn/en

China International Aviation & Aerospace Exhibition (Airshow China or Zhuhai Airshow) is the only international aerospace trade show in China endorsed by the Chinese central government. It features the display of real-size products, trade talks, technological exchange and flying display.

Inter Airport China 2014

October 15-17, 2014 • Beijing, China • www.interairportchina.com

Airport industry, ground handling, terminal operations, airport IT and airport design

China Aerospace and Aviation Technology Show (CAATS 2014)

November 4-8, 2014 • Shanghai, China • www.caats.com.cn/en/

5th China Aerospace Manufacturing Summit 2014

November 2014 • Shenyang, China • www.galleonevents.com/2014AVIC/en/home.html

A stellar gathering which is organized by the societies of China Top FIVE Aerospace Provinces, and co-organized by AVIC Shenyang Aircraft Industry (Group) Co., Ltd. and AVIC Shenyang Liming Aero Engine (Group) Co., Ltd. The 2014 anniversary will also celebrate the 50th year's establishment of Liaoning Society of Aeronautics and Astronautics.

International Flight Conference General Aviation Products Expo Shenyang China 2014

August 27 -31, 2014 • Shenyang, China • aeroshenyang@gmail.com

The only state-approved trade event in northeastern China, also one of the biggest international general aviation expos in China. It covers the whole industry chain suppliers in the field of aviation production, operation and maintenance, airport management, aviation school training and industrial park.

Web Resources[Return to top](#)**Government Authorities**

- Civil Aviation Administration of China (CAAC) www.caac.gov
- Air Traffic Management Bureau: www.atmb.net.cn
- Center of Aviation Safety Technology: www.castc.org.cn

Airlines

- Air China: www.airchina.com.cn/en
- China Eastern Airlines: <http://en.ceair.com/>
- China Southern Airlines: www.csair.com/en
- Spring Airlines: www.china-sss.com
- Hainan Airlines: www.hnair.com
- Sichuan Airlines: www.scal.com.cn
- Xiamen Airlines: www.xiamenair.com.cn
- Shenzhen Airlines: www.shenzhenair.com
- Chengdu Airlines: www.chengduair.cc
- Tibet Airlines: www.tibetairlines.com.cn

Aircraft Manufacturers

- Aviation Industry Corporation of China (AVIC): www.avic.com.cn
- Commercial Aircraft Corporation of China (COMAC): www.comac.cc
- AVIC Commercial Aircraft Co.

MRO Facilities

- Aircraft Maintenance and Engineering Corporation (AMECO): www.ameco.com.cn
- Shanghai Technologies Aerospace Co. (STARCO): www.staero.aero/starco.html
- Guangzhou Aircraft Maintenance Engineering Co. (GAMECO): www.gameco.com.cn
- Taikoo Aircraft Engineering Company Limited (TAECO): www.taeco.com
- MTU Maintenance (Zhuhai): www.mtuzhuhai.com/en
- GE Engine Services (Xiamen)
- Sichuan Services Aero-Engine Maintenance Company (SSAMC): www.snecma.com/-chengdu-

Aircraft Trading Companies

- China Aviation Supplies Corporation (CASC): www.casc.com.cn/eng

Other

- CAAC news: www.caacnews.com.cn
- Civil aviation industry analysis report: bit.ly/10kub4X
- China Civil Aviation Report: www.uniworldusa.com

Contacts**U.S. Embassy in Beijing**

Ida Peng, Senior Commercial Specialist
(86 10) 8531 3947
Aiqun.Peng@trade.gov

U.S. Consulate in Shanghai

Vivien Bao, Commercial Specialist
(86 21) 6279 8766

Vivien.Bao@trade.gov

U.S. Consulate in Chengdu

Cui Shiyang (Sonny), Commercial Specialist,
(86 28) 8598 6546

Cui.Shiyang@trade.gov

U.S. Consulate in Guangzhou

Senior Commercial Specialist, Lena Yang
(86 20) 3814 5173

Lena.Yang@trade.gov

Clean Coal Technology

Overview

[Return to top](#)

Coal Consumption and CO₂ Emissions

	2011	2012	2013	2014 (est.)
Coal Consumption in China (bn tonnes)	3.48	3.52	3.61	3.45
China's total energy consumption	70%	69%	65.7%	63%
CO ₂ emissions per capita in China (tonnes)	7.2	6.5	7.1	6.8

Source: China Coal Association (<http://www.chinacoal.gov.cn/templet/3/>) and the U.S. Department of Commerce in China.

China is the world's largest energy consumer and the leading emitter of greenhouse gases. In 2013, coal accounted for 65% of China's overall energy consumption, and the most coal-dependent country among top energy consumers. As a consequence, China's major cities have long endured high levels of air pollution. In 2013, 92% of Chinese cities failed to meet national ambient air quality standards. This has not held back the construction of new coal-fired plants or factories. Coal burning is responsible for almost half of the country's PM 2.5 pollution (particulate matter of 2.5 micrometers in diameter).

The Chinese government continues to promote the clean and efficient development of conventional fossil energy production and utilization. The Development Plan for Coal Industry During the 12th Five-Year Plan Period, which has been issued and implemented, calls for the vigorous development of clean coal technology and the efficient and clean utilization of coal.

Clean coal is the process of chemically washing coal of its minerals and impurities, removing sulfur dioxide, and making the carbon dioxide in the flue gas economically recoverable. The coal industry uses the term "clean coal" to describe technologies designed to enhance both the efficiency and the environmental acceptability of coal extraction, preparation, and usage.

Present day clean coal technologies include several generations of technological advances that have led to a more efficient combustion of coal with reduced emissions of sulfur dioxide and nitrogen oxide. Clean coal technologies currently being developed in China include high efficiency combustion and advanced power generation technologies, coal transformation technologies, integrated gasification combined cycle and carbon capture, utilization and storage.

Sub-Sector Best Prospects

[Return to top](#)

Carbon Capture, Utilization and Storage (CCUS)

CCUS technology has been considered an important strategy of China's clean coal technology option in both short and long terms. The International Energy Agency (IEA) forecasts that by 2050, CCUS could become the biggest contributor to emissions reduction technology among single technologies. China is emerging as a major influence on CCUS deployment, with several planned and operational demonstration projects. The country has adopted an encouraging policy framework and has increased the support for research and development projects. As a pioneer within CCUS, the United States has

developed cutting edge technology through various R&D projects. The U.S. Department of Energy (DOE) administers a Clean Coal Technology program to encourage and support public/private partnerships to research, develop, and demonstrate clean coal technologies that can be ultimately brought to large-scale commercial deployment.

Advanced Coal Gasification Technology

China is the biggest coal gasification market in the world. The National Energy Administration has laid out plans to produce 50 billion cubic meters of gas from coal by 2020, enough to satisfy more than 10% of China's total gas demand. However, there are two major problems with coal gasification. Coal gasification produces more CO₂ than a traditional coal plant, and it is one of the more water-intensive forms of energy production. New technology and equipment to solve these two problems are good prospects for U.S. companies.

Coal Gasification with carbon capture and storage

Combining coal gasification with carbon capture and storage in the power sector remains a critical pathway towards low-carbon power generation. With the huge demand in using gasification, China has high demand in developing new coal co-generation systems with CO₂ capture including new coal-to-chemical co-generation, new CO₂ capture process, and co-generation system with combined pyrolysis, gasification, and combustion.

CO₂-EOR (Enhanced Oil Recovery)

CO₂-EOR is an oil production technique through which CO₂ is injected into previously developed oil wells to recover additional oil not recovered by primary and secondary techniques. CO₂-EOR is widely considered to be a method to increase domestic oil production by using CO₂ captured from power plants and industrial sources. China is in a developing stage to adopt this technology to local oil fields. The United States has more than 40 years of experience in CO₂-EOR which gives U.S. companies a leg up in China's EOR market.

Opportunities

[Return to top](#)

The bestselling opportunities in the clean coal technology sector include:

- CO₂ capture technology exports/licensing
- Pipeline fabricators for CO₂ transportation
- Information Technology companies, materials suppliers, and engineering contractors for CO₂ utilization
- Storage monitoring service suppliers and Emergency Response services suppliers for CO₂ storage
- Coal gasification technology exports/licensing

13th Clean Coal Forum

June 9-13, 2014

Beijing Marriott Hotel Northeast, Beijing

<http://www.cdmc.org.cn/2014/ccf/>

3rd Annual International Symposium of Clean Coal Technology

September 16-18, 2014

Taiyuan, China

<http://www.bitcongress.com/cct2014/>

Web Resources[Return to top](#)

U.S. China Clean Energy Research Center

http://www.us-china-cerc.org/Advanced_Coal_Technology.html

Clean Coal Working Group, Energy Cooperation Program

<http://www.uschinaecp.org/en/Outcomes/CleanCoal.aspx>

Climate Change Working Group

<http://www.state.gov/r/pa/prs/ps/2013/07/211768.htm>

U.S. Embassy in Beijing

Wenjuan Zhan, Commercial Specialist

(86 10) 8531-3000

wenjuan.zhan@trade.gov

U.S. Consulate in Chengdu

Ling Chen, Commercial Specialist

(86 28) 8558-3992

ling.chen@trade.gov

U.S. Consulate in Shanghai

Scott Yao, Commercial Specialist

(86 21) 6279-7630

scott.yao@trade.gov

U.S. Consulate in Shenyang

Yang Liu, Commercial Specialist

(86 24) 2322-1198

yang.liu@trade.gov

U.S. Consulate in Guangzhou

Lena Yang, Commercial Specialist

(86 20) 3814-5000

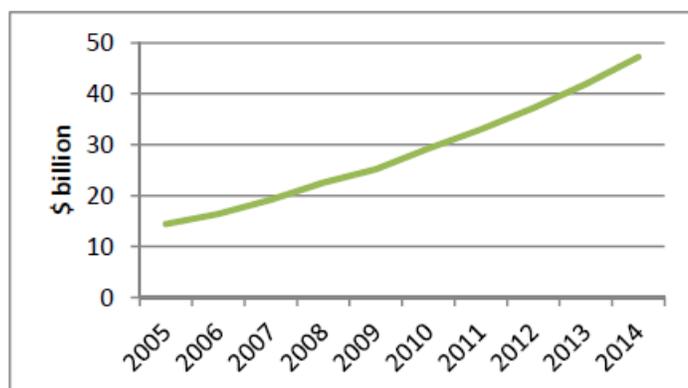
lena.yang@trade.gov

Environmental Technology

Overview

[Return to top](#)

ESTIMATED VALUE OF CHINESE ENVIRONMENTAL MARKET



Source: Environmental Business International and U.S. EPA market review.

The Chinese environmental industry has kept 20% growth rate annual from 2004 to 2014 (MEP 2014). It is expected that the development trend of the industry will keep going in the coming years.

The 12th Five-Year-Plan outlines rigorous environmental goals including reducing major pollutant emissions, increasing safety of urban and rural drinking water resources, and reversing ecological deterioration. The Chinese State Council announced in August 2013 that environmental protection as a pillar industry will receive government support in the form of tax breaks and subsidies. The environmental industry is expected to grow by 15% annually, generating a turnover of 4.5 trillion RMB (\$810 billion) by 2015.

In March 2014, Chinese Premier Li Keqiang stated, "We will resolutely declare war against pollution as we declared war against poverty." Several weeks later, Zhou Xiansheng, Minister of the Ministry of Environmental Protection (MEP), specified the working priorities for the central government and MEP, which are three battles against air pollution, water pollution and soil pollution.

Atmospheric environmental protection has an important bearing on fundamental public interest, sustained and healthy economic development, and the building of a well-off society, as claimed by the central government. As China continues to industrialize and urbanize, increased energy and resource consumption will bring about more air pollution challenges, especially PM10 and PM2.5, which seriously harm public health. The newly issued China National Action Plan on Air Pollution Prevention and Treatment has released a roadmap to reduce inhalable particulates concentration of cities and it is estimated that 1.7 trillion RMB will be spent on the air pollution crisis.

China is home to 21% of the world's population, but with only 6% of its freshwater resources. According to the MEP, 57% of the groundwater tested in 198 cities across China was not suitable for direct human contact or usage as a source for centralized drinking water supply. According to the Ministry of Water Resources, up to 40% of China's rivers were ranked as seriously polluted in 2011, with 20% of the rivers so polluted that their water quality was rated too toxic for human contact. MEP is currently drafting a Clean Water Action Plan to address pollution of surface water resources and to

ensure safe drinking water. Industrial wastewater treatment will be one of the priorities. The National Groundwater Contamination Prevention and Remediation Plan calls for a 34.7 billion RMB investment through 2020.

Soil pollution is also a major concern for Chinese leaders and the public. The Ministry of Environmental Protection and the Ministry of Land Resources released an investigation report on soil pollution in April 2014, reporting that 16.1% of the country's soil was polluted, including 19.4% of farmland. The study found that 82.8% of the polluted land was contaminated by inorganic material. The most common pollutants were cadmium, nickel and arsenic. The government legislation has just begun to lay the foundation for market growth which will bring a wide range of opportunities for business, although soil protection and remediation is in the early stages of development.

Sub-Sector Best Prospects

[Return to top](#)

Air Pollution Control

China's State Council released its Action Plan for Air Pollution Prevention and Control on September 12, 2013. The Action Plan sets the road map for air pollution and control for the next five years in China with a focus on three key regions: Beijing-Tianjin-Hebei Area (BTH), Yangtze River Delta (YRD) and Pearl River Delta (PRD). The Action Plan is a detailed implementation plan of the National 10 Measures:

- Reduction of emission of multi-pollutants
- Promotion of industry upgrades and restructuring
- Acceleration of companies' technology upgrade
- Acceleration of energy restructuring
- Enforcement of energy-saving and environmental protection in market entrance requirements
- Application of market-oriented instruments and environmental economic policies
- Improvement of the legal framework, implementation and enforcement
- Establishment of regional collaboration mechanisms
- Establishment of monitoring, alerting and emergency response systems for air pollution episodes
- Definition of responsibilities and engagement with government, private sector and the public for environmental protection.

The goal of the new plan is to improve the air quality of the entire country by 2017, while imposing stricter air pollution reduction guidelines in three key industrial areas surrounding Beijing, Shanghai and Guangzhou. Specifically, the plan pledges to:

- Reduce PM 10 levels in cities nationally by at least 10% from 2012 levels
- Reduce PM 2.5 levels in Beijing/Tianjin/Hebei (BTH) by 25%, in the Yangtze River Delta (YRD) by 20%, and in the Pearl River Delta (PRD) by 15%
- Control coal consumption by establishing medium and long term targets for coal consumption
- Prohibit the approval of new coal-fired power plants in BTH, YRD and PRD areas (with the exception of combined heat and power plants), while requiring existing coal consuming projects to implement coal reduction and substitution projects
- Reduce the proportion of coal in the energy consumption mix to 65% by 2017 (from around 67% in 2012)
- Achieve negative coal consumption growth in the three key air pollution areas (BTH, YRD and PRD) by replacing coal with electricity generated from natural gas and non-fossil fuel energy
- Cut iron-making and steel-making capacity by 15 million tons in 2015

- Control the number of automobiles on its roads: Beijing, Shanghai, Guangzhou and other large Chinese cities should strictly restrict the number of vehicles to curb pollution while other cities should have reasonable controls on the number of vehicles
- Increase usage of non-fossil fuel (wind, solar) from 9.1% in 2012 to 13% by 2017 and increase shale-gas production.

Water

China's water pollution is the byproduct of three decades' rapid economic development, costing time and a lot of money before any fundamental improvement, especially considering the fact that the polluted water has entered the underground water cycle. In terms of regulatory development, due to lack of government incentives and enforcement in the past, the industry continues to build low-cost solutions despite the availability of more advanced technology solutions.

MEP is currently drafting a clean water action plan, which will focus on curbing water pollution in the worst affected areas and prevent future pollution of the better conserved waters. Proposed measures include cutting industrial wastewater discharge, improving sewage management in cities, and introducing better treatment for polluted water in rural areas.

The opportunities for companies looking to share knowledge and expertise in the water sector are both broad and comprehensive. In the short term, if stricter government control is enforced and intellectual property issues are resolved, wastewater treatment, water efficiency solutions, and water recycling technologies will be a significant potential market.

Soil remediation

The National Soil Pollution Prevention and Treatment Action Plan of China was approved by the MEP in early 2014 and is waiting for further approval from the central government before being released to the public. MEP will start with six soil remediation demonstration projects and the investment for one demonstration project will be around 1 to 1.5 billion RMB. Those demonstration sites will be selected from heavily polluted mining sites.

Soil and groundwater protection are both inseparable cycles. MEP has issued the National Groundwater Contamination Pollution Prevention and Remediation Plan (2011-2020) which allocated 37 billion RMB (\$6 billion) to support the implementation of new measures. With regulatory developments, it is expected that the soil and groundwater remediation markets will grow significantly in the coming years, especially under two sub-sectors: arable land and brownfield sites in urban areas. The People's Daily newspaper has suggested that as many as 300,000 brownfield sites are in need of treatment before redevelopment.

Opportunities

[Return to top](#)

1. Desulfurization, de-nitrogen and dust removal technologies in key sectors including:

- Coal power plants
- Iron and steel plants
- Oil refineries and non-ferrous metallurgical plants
- Coal boilers
- Cement kilns and industrial kilns

2. Boiler:

- Electricity, new energy and clean coal boilers, and highly efficient and environment- friendly boilers in off-the-pipe areas where heating and gas are not accessible
- Combined heat and power units to gradually replace distributed coal boilers in industrial areas concentrated with chemicals, paper, dyeing, leather and pharmaceuticals factories.

3. Volatile Organic Compounds (VOC) control technologies:

- VOC treatment in petrochemical, organic chemical engineering, coating, packaging and printing industries.
- Leak detection and recovery technologies in the petrochemical industry.
- Oil and gas recovery for gas stations, oil storage and oil tanks; recovery programs in crude oil and oil products terminals.

4. Air monitoring systems:

- On-line automatic continuous emission monitoring systems for key pollution sources; Automatic and continuous monitoring systems for organic pollutants; On-line dust monitors; On-site portable emergency gas monitoring equipment; Portable and personal particulate monitors
- Satellite ground systems and satellite image analysis systems to analyze the quality of the environment and changing long-term trends.

5. Soil investigation and remediation technologies in the following areas:

- Brownfield sites remediation
- Arable land polluted by heavy metals and overuse of fertilizer
- Underground water protection

6. Water extraction

Although this sector is mainly controlled by State-Owned Enterprises (SOE), private and foreign companies can still provide technologies, services and equipment to water extractors. For instance, well-drilling and high pressure pumps, and desalination technologies.

7. Water treatment

Many cities have their own primary water treatment plants, directly affiliated with the local government. Although the industry is dominated by SOEs, many private and foreign players are involved as designers, builders, operators and technology suppliers.

8. Water distribution

Opportunities in the water distribution market are in advanced technologies or expertise, such as high efficiency pumps, advanced water measurement technologies, network leakage detection and repair, and integrated monitoring systems.

9. Wastewater treatment

This sector welcomes foreign advanced technologies and equipment, especially: biological denitrification and phosphorus removal technologies; immobilized microbe technologies; membrane manufacturing technologies; sludge treatment, disposal equipment and automatic control equipment

for water treatment; high-concentration organic wastewater treatment technologies and equipment; membrane separation technologies; wastewater deep treatment and recycling technologies; and equipment in industry sectors such as surface treatment, coal and mining, pulp and paper, metallurgy, petroleum exploitation, electronics, machining and chemicals.

10. Water saving technologies: water recycling and water efficiency

Trade Shows & Events

14th International Trade Fair for Water, Sewage, Refuse, Recycling, Air Pollution Control and Energy Conservation (IE Expo 2014)

May 20-22, 2014

Shanghai New International Expo Center (SNIEC)

<http://www.ie-expo.com/Home>

Aquatech China 2014

June 25-27, 2014

Shanghai World Expo Exhibition & Convention Center

<http://www.aquatechtrade.com/china/Pages/default.aspx>

China Low Carbon & Environmental Tech Summit 2014

July 10-11, 2014

TBA, Guangzhou

<http://www.cdmc.org.cn/2014/cle/index.asp>

Environmental Protection Technology and Equipment Show 2014

November 4-8, 2014

Shanghai New International Expo Center (SNIEC)

<http://eptes.ciif-expo.com/list.php?catid=160>

Water Expo China + Water Membrane China

December 1-3, 2014

National Convention Center Beijing, China

<http://www.waterexochina.com/>

China International Environmental Protection Exhibition & Conference

TBC (July, 2015)

China International Exhibition Center, Beijing, China

Web Resources

[Return to top](#)

Ministry of Environmental Protection Environmental <http://www.mep.gov.cn/>

China National Environmental Monitoring Center <http://www.cnemc.cn/>

China Environmental News <http://www.cenews.com.cn/>

China Solid Waste <http://www.solidwaste.com.cn/>

Water China <http://www.h2o-china.com/>

China City Water <http://www.chinacitywater.org/>

Contacts

U.S. Embassy in Beijing

U.S. Consulate in Chengdu

Jiangyao Zhang, Commercial Specialist
(86 10) 8531-3000
jiangyao.zhang@trade.gov

U.S. Consulate in Shanghai

Sophia Chen, Commercial Specialist
(86 21) 6279-7630
shiqiao.chen@trade.gov

U.S. Consulate in Guangzhou

Cathy Wang, Commercial Specialist
(86 20) 3814-5000
cathy.wang@trade.gov

Mengyue Xu, Commercial Specialist
(86 28) 8558-3992
mengyue.xu@trade.gov

U.S. Consulate in Shenyang

Yang Liu, Commercial Specialist
(86 24) 2322-1198
yang.liu@trade.gov

Construction and Green Building

Overview

[Return to top](#)

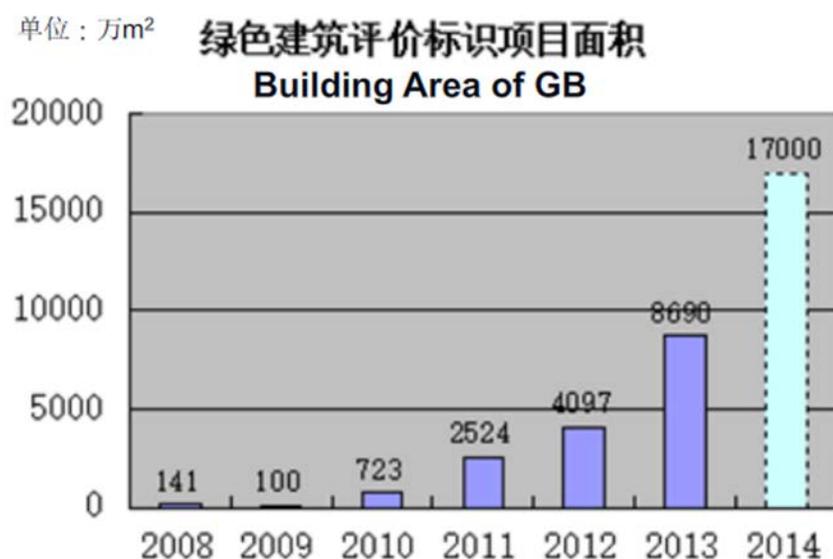
	2012	2013 (estimated)	2014 (forecast)	2015 (forecast)	2016 (forecast)
Total Construction Market Value (USD billion)	545.3	603.9	656.5	698.5	743.7
Construction Industry Value, Real Growth (year to year)	5.00%	6.60%	5.05%	4.73%	4.20%

Source: "China Infrastructure Report: Q2 2014" Business Monitor International (2014).

In the last three years, the construction market in China has grown exponentially although more modestly since 2013. Demand for construction of energy efficient buildings will increase as China continues to rapidly urbanize. On March 16, 2014, the Chinese government issued the National New-type Urbanization Plan for 2014 to 2020, which aims to lift the proportion of Chinese citizens living in cities from the present 53.7% to 60% by 2020.

With the urbanization of China expected to continue to grow, green building will be relied on to fulfill the demand for new energy efficient buildings. According to the China Greentech Report 2013, the government has already planned to set high expectations for the development of the green building market. Green building, as defined by the products listed further below, is expected to expand to more than 1 billion square meters floor area by the year 2015. New construction of urban green building is expected to rise from 2% in 2012 to 50% by 2020. In the next 15-20 years China will add as much floor space as that which exists in the entire United States today.

According to the State Council Green Building Action Plan of 2014, government invested projects such as schools, hospitals, museums, science museums, stadiums and affordable housing, as well as any single building area over 20,000 square meters such as airports, railway stations, hotels, restaurants, shopping malls, offices and other large public buildings must meet the green building standards of China's 3-Star Rating System administered by the Ministry of Housing and Urban-Rural Development (MOHURD).



Source: MOHURD 2014. (square meters)

The Chinese government has initiated a green building incentive program. National level financial subsidies will provide 50 million RMB to projects that meet Green Building Demonstration Town (GBDT) standards as stipulated by MOHURD. In order to qualify as a GBDT project, new construction projects must be over 200 square meters and the construction period must be less than two years. For two-star green building projects the central government will subsidize 45 RMB per square meter, for three-stars and above 80 RMB per square meter.

Besides China's 3-Star rating system, the U.S. Leadership in Energy and Environmental Design (LEED) certification is also prevalent in China. According to the U.S. Green Building Council 2013 (USGBC) there are currently 196 LEED certified and 596 LEED registered projects in China. Additional sectors have developed in order to support the growth in green building, such as Energy Service Companies (ESCs), and consulting companies that can identify greater efficiencies in design and construction.

Sub-Sector Best Prospects

[Return to top](#)

Green building products that meet the new energy efficiency standards in new, unique or economically competitive ways have a potential market in China. Some of the best prospects for China's market are:

- Green building design
- Building energy efficiency retrofits
- Green building material production and supply
- Integrated energy efficiency solutions
- Green building operation and energy efficiency management
- Low-carbon neighborhood development design and energy solution

According to the China Greentech Initiative Report 2013, the following building materials are the target energy efficient products in China:

- Heating, Ventilation and Air Conditioning(HVAC) systems
- Solar products
- Grey water, water reuse systems, and landscape materials

- New building materials
- New technologies and products
- Concrete: slag cement and fly ash content; autoclaved aerated concrete
- Insulation: Expanded and Extruded Polystyrene
- Roofing: Reflective Systems Vegetated Roofs Thermoplastic polyolefin membranes
- Windows and Doors: double-glazed, low-solar-gain, Low-E Glass
- Lighting: T series light fixtures, compact florescent lamps and light-emitting diode bulbs
- HVAC: absorption chillers, variable frequency drives, energy recovery wheels, air purifying equipment
- Indoor building materials: low-emission, thermal and noise reduction, and insulation
- Integrated design

Opportunities

[Return to top](#)

One sector with a significant foreign presence is architectural design, which is dominated by many well-known architectural firms from the United States and Europe. Other opportunities exist in consulting on green building designs, as well as on energy saving strategies for both new and old buildings. Both of these sectors require skills and expertise that are not yet fully developed in the Chinese domestic market and can help lower energy intensity in line with the 12th Five-Year Plan. More than 95% of existing buildings in China are not green buildings, creating good potential opportunities in retrofitting old buildings with green building technology.

The 18th Chapter of the National New-type Urbanization Plan indicated that the following three sectors of construction will be the key developing sectors in China from 2014 to 2020:

- **New-type city construction:** The key projects will be focused on building with green energy, green building, green traffic, innovation in industrial parks and the urban environment.
- **Smart city construction:** Cities should use information technology to manage the development of the city, such as extending the broadband information network, and promoting cloud computing and large data centers. Promoting cross-sector, regional government information sharing and business collaboration is also encouraged.
- **Humanities city construction:** The Plan encourages localities to focus on protecting historical and cultural heritage in old cities and to incorporate traditional cultural elements into new city construction.

In addition, on April 23, 2014, the Chinese government also started allowing private in public infrastructure projects. The state council selected 80 infrastructure projects and opened them to public tender bidding in order to encourage and attract private capital in joint ventures, wholly foreign owned enterprises, and franchises. The projects include railways, ports, other transportation infrastructure, new generation information infrastructure, major hydropower, wind power, photovoltaic power generation and other clean energy projects, oil and gas pipelines and storage facilities, and modern coal chemical and petrochemical industries. In the future, the government's next step will be to open investments to oil and gas, utilities, water, airports and other sectors.

According to MOHURD, China plans to build large scale affordable housing. The plan includes 36 million apartment units to be built in 2015 throughout China. Many provinces and cities have already drafted their own development plans.

Following are some randomly selected construction project plans:

- By the end of 2015, Guangdong Province plans to invest \$225 billion in infrastructure construction and complete 294 projects.
- Wuhan plans to invest \$483 million in the renovation of the old city.
- Beijing plans to build 100 Sunny Schools using solar energy for electricity, water, and heating system.
- By the end of 2014, Beijing plans to build tourist towns such as Gubei-Water town, Ming-Tombs town and Jinhaihu town, in addition to seven other tourist towns.
- According to the National Airport Allocation Plan, China will upgrade, expand and build 244 airports by the end of 2020, including Beijing's second capital airport which will be located in Daxing County, Beijing. The airport is expected to be completed by 2017 and in operation by 2018. It will serve 600 million passengers per year.
- According to MOHURD's Qinghai branch, Qinghai province plans to invest \$11.2 billion (75 billion RMB) in real estate development by 2015
- By 2015, Nanchang City plans to build 231 key projects, with a total investment estimated to reach \$23 billion (155.2 billion RMB), the projects will include fast transportation systems with modern transportation hubs, bio-landscape gardens, and a renewable development demonstration city.
- By 2015, Hubei Province plans to build 1,000 eco-demonstration towns and villages. The water supply pipe line will reach 98% of the province, the garbage treatment rate will reach 85%, and the urbanization rate will reach 52%.
- According to MOHURD of Ningbo city in Zhejiang province, there will be 129 key construction projects between 2014 and 2016, and the total investment will be \$12.6 billion (78.3 billion RMB), which include 57 city traffic networking projects, 25 city center construction projects and 47 affordable- housing projects.
- Shandong Province will invest \$330 million to build demonstration green towns each year from 2014 to 2016.
- In 2014, China will invest \$95 billion to build new railways in China's Midwest.
- By 2015, Hainan province will build 894,000 square meters of new buildings and renovate 49,000 square meters of old buildings.
- Anhui province will invest \$6.5 billion to renovate old buildings.

Trade Shows & Events

The 11th China International Heating, Ventilation & Air Conditioning Expo

March 28-30, 2014

China International Exhibition Center, Beijing

http://www.messefrankfurt.com.hk/fair_homepage.aspx?fair_id=17&exhibition_id=18

China International Trade Fair for Sanitation, Heating, Ventilation & Air-conditioning

May 13-15, 2014

New China International Exhibition Center, Beijing

<http://info@ishc-cihe.com>

Guangzhou International Lighting Exhibition 2014

June 9 – 12, 2014

China Import & Export Fair Complex

Guangzhou, China

<http://guangzhou-international-lighting-exhibition.hk.messefrankfurt.com/guangzhou>

The 7th International Conference on Intelligent, Green & Energy Efficient Building & New Technology and Products Expo

March 28-30, 2015

Beijing International Convention Center (Guojia Huiyi Zhongxin)

www.chinagb.net

China Refrigeration 2015

April 11-13, 2015

New International Exhibition Center, Shanghai

www.cr-expo.com

Web Resources

[Return to top](#)

Ministry of Housing and Urban-Rural Development

<http://www.mohurd.gov.cn/>

See also: http://www.uschina.org/public/china/govstructure/govstructure_part5/

China Building Materials Industries Association

<http://cbmia.cbminfo.com/english/eindex.htm>

China Energy Conservation Program

<http://www.cecp.org.cn/englishhtml/index.asp>

Ministry of Environmental Protection of China

<http://www.mep.gov.cn/>

U.S. China Build (a program of Evergreen Building Products Association)

<http://www.uschinabuild.org>

CS China Design Construction Webpage

<http://export.gov/china/doingbizinchina/industryinfo/designconstruction/index.asp>

China Greentech Initiative

<http://www.China-Greentech.com>

U.S.-China Energy Cooperation Program

<http://www.uschinaecp.org>

U.S. Commercial Service Contact Information in China

U.S. Embassy in Beijing

Merry Cao, Commercial Specialist

(86 10) 8531-4463

shujuan.cao@trade.gov

U.S. Consulate in Chengdu

Sunny Cui, Commercial Specialist

(86 28) 8558-3992

cui.shiyang@trade.gov

U.S. Consulate in Shanghai

Scott Yao, Commercial Specialist

(86 21) 6279-7930

scott.yao@trade.gov

U.S. Consulate in Shenyang

Liu Yang, Commercial Specialist

(86 24) 2322-1198

yang.liu@trade.gov

U.S. Consulate in Guangzhou

Diana Liu, Commercial Specialist

(85 20) 8667-4011
diana.liu@trade.gov

Education and Training

Overview

[Return to top](#)

U.S. colleges and universities remain the preferred overseas destination for students from China, which remains the leading source of foreign students in the United States. In academic year 2012/13, 235,597 Chinese students travelled to the United States to study. That constitutes a 21.4% increase from the previous academic year in the number of Chinese students going to the United States this decade.

Year	Number of Students From China To United States	% Change from Previous Year
2012/13	235,597	21.4%
2011/12	194,029	23.1%
2010/11	157,558	23.5%
2009/10	127,628	29.9%
2008/09	98,235	21.1%
2007/08	81,127	19.8%

Source: Institute of International Education

Year	Number of Students From China To United States	% Change from Previous Year
2014/15(Estimated)	361,086	23.8%
2013/14(Estimated)	291,669	23.8%

Source: Estimation based on average over previous five years

Sub-Sector Best Prospects

[Return to top](#)

Additionally, short-term training programs, technical schools and workshops in specialized fields as well as business education are particularly sought after. In December 2011, China's National Development and Reform Commission (NDRC) along with the Ministry of Commerce (MOFCOM) jointly released a revised edition of the Guiding Catalogue on Foreign Investment in Industry, replacing the 2007 edition. The 2011 revised Catalogue adds "training and vocational education" to the so-called "encouraged" list of industries for foreign direct investment. (The Catalogue includes four categories: "encouraged," "restricted," "prohibited" and "permitted".) U.S. educational organizations can also sell teaching materials and equipment, convey the latest methodologies and case studies, exchange faculty, and provide educational consulting services.

Opportunities

[Return to top](#)

There's no doubt that the desire by Chinese students to enroll in U.S. institutions is high, fueled by increasing disposable incomes. Although the majority of Chinese students are still pursuing degrees in business, engineering and sciences, there appears to be an increase in demand for vocational classes, and utilization of community colleges. There is also a marked increase in the number of

students interested in high school and summer programs to upgrade skills to increase earning potential as well.

U.S. institutions will have to remain active in the promotion of American education in China. Competition for Chinese students from other English-speaking countries has increased, along with an expansion of the domestic education market which has created greater opportunities for students to pursue higher education without leaving China. One new way for U.S. institutions to more effectively promote their programs is by taking advantages of the U.S. Commercial Service social media (Weibo) platform, which is focused on promoting studying in the U.S. <http://www.weibo.com/useducation>

A common approach used by U.S. schools to recruit Chinese students is through local education agents. Over one thousand education agents are estimated to exist in China, with about 301 of them having obtained proper licensing from the Ministry of Education (down from around 400 the previously). U.S. schools are encouraged to vet education agents carefully before engaging their services. The Commercial Service education specialists can offer guidance regarding how to use reputable, licensed education agents.

Web Resources

[Return to top](#)

Ministry of Education, Department of International Cooperation and Exchanges Tel: 86-10 6609-6275
http://www.moe.gov.cn/publicfiles/business/htmlfiles/moe/moe_2792/index.html

Education Events Approved by China's Ministry of Education

Contacts

U.S. Embassy in Beijing

Maggie Qiu, Commercial Specialist
(86-10) 8531-4157
Email: jing.qiu@trade.gov

U.S. Consulate in Shanghai

Dave Averne, Commercial Officer
(86-21) 6279 8221
Dave.Averne@trade.gov

U.S. Consulate in Guangzhou

Veronica Liang, Commercial Specialist
(86 20) 8667-4011 ext. 628
Veronica.Liang@trade.gov

U.S. Consulate in Chengdu

Lily Lin, Commercial Specialist
(86 28) 8558-3992 ext.6633

Lin.Liping@trade.gov

U.S. Consulate in Shenyang

Steve Green, Commercial Specialist
(86 24) 2322-1198 ext. 8145

steve.green@trade.gov

Franchising

Overview

[Return to top](#)

Franchising shows promise in China. Statistics from China Chainstore & Franchise Association (CCFA) show that enterprises from more than 75 industries have applied for franchise operations, including enterprises from the traditional sectors of catering, retailing, and individual and business services. Currently, China has 4,500 franchises and chain store companies creating over 5 million jobs nationwide.

Challenges to U.S. franchise firms include a relatively weak regulatory system, increasing costs of labor and real estate and a lack of qualified Chinese franchisee candidates. The most recent legislation released by the Ministry of Commerce stipulates that franchise firms can start franchising in China as long as they own and operate two company-owned stores for one year in any part of the world. In addition, franchise firms must file with the local commercial authority for record within 15 days after the execution of the initial franchise contract.

Per Capita Disposable incomes at China's 1st and 2nd tier cities (figures in USD)

**First Tier; **Second Tier*

City	2010	2011	2012
Beijing*	4,358.77	5,193.02	5,853.65
Shanghai*	5,104.44	5,718.11	6,450.77
Chengdu**	3,265.00	4,021.62	4,365.00
Dongguan**	5,449.77	6,326.26	6,893.09

Source: National Bureau of Statistics

Additionally, we are seeing an increase in food and beverage (F&B) companies entering the market as wholly owned enterprises to manage the brand, demonstrate proof-of-concept and create a strong foothold prior to expanding into the franchise model.

Sub-Sector Best Prospects

[Return to top](#)

The Chinese franchising market is dominated by traditional franchise operations like F&B and retail outlets. According to CCFA, nearly 40 percent of all franchisers in China are engaged in such industries. U.S. franchisers established a particularly strong foothold in the F&B market.

Franchising opportunities abound in non-F&B industries. The best prospects in this form of franchising include sectors such as car rental and services, Chinese fast food restaurants, education and children's education, and fitness.

Success Factors to Consider

Major international franchise firms have established the following best practices for doing business in China:

1. Register the brand in China before entering the China market.
2. Find local partners who can help navigate the local business environment.

3. Understand the cultural differences and adjust market access strategies accordingly.
4. Have an ability and willingness to localize your product if necessary, without changing the core product.
5. Minimize the price of the final product and the franchising fee to achieve rapid expansion and mass acceptance.
6. Manage government relations by establishing and maintaining solid working relationships with relevant Chinese Government agencies.

Foreign franchise brands are receiving greater interest from second and third-tier market developers. Additionally, we are seeing an increase in F&B companies entering the market as wholly owned enterprises to manage the brand, demonstrate proof-of-concept and create a strong foothold prior to expanding into the franchise model.

Opportunities

[Return to top](#)

Shanghai International Franchise Show

Every September

Shanghai International Exhibition Center, China <http://sh.ccfa.org.cn/>

Web Resources

[Return to top](#)

International Franchise Association

www.franchise.org

China Chain Store and Franchise Association Website: <http://www.ccfa.org.cn>

Ministry of Commerce (MOFCOM) Website: <http://www.mofcom.gov.cn>

US Commercial Service Offices in China:

U.S. Embassy in Beijing

Mr. Shen Yan, Commercial Specialist

(86 10) 8531-3554

Email: yan.shen@trade.gov

U.S. Consulate in Shanghai

Ms. Janet Li, Commercial Specialist

(86 21) 6279-8775

Email: janet.li@trade.gov

U.S. Consulate in Guangzhou

Sophie Xiao, Commercial Specialist

(86-20) 3814 5613

Sophie.Xiao@trade.gov

U.S. Consulate in Chengdu

Ms. Lin Liping, Commercial Specialist

(86 28) 8558-3992

Email: lin.liping@trade.gov

U.S. Consulate in Shenyang
Liu Yang, Commercial Specialist
(86 24) 2322-1198
yang.liu@trade.gov

Agricultural Equipment

Overview

[Return to top](#)

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	38,421	45,405	4,9900	53,400
Total Local Production	34,620	41,502	4,6000	49,500
Total Exports	7,743	7,881	8,280	8,690
Total Imports	3,801	3,903	4,000	4,000
Imports from the U.S.	810	842	859	876
Exchange Rate: 1 USD	RMB 6.29	RMB 6.1956	RMB 6.3	RMB 6.6

Data Sources: China Customs, Zeefer Consulting

China has the largest market for agricultural machinery in the world. The industry had a total production value of \$38.4 billion as of 2012. Agricultural machinery favors a much higher growth rate than other sectors of the machinery industry. Among the 12 sub-agricultural sectors, feed machinery, stockbreeding machinery, and agricultural machinery components fare the best and maintain strong long-term growth prospects.

An ongoing trend is the increasing ratio of overseas enterprises becoming more integrated into the Chinese market. Thus far, there are 147 international agricultural machinery companies in China, which makes up 8% of all agricultural machinery companies in China. These international businesses operating in China create 12.06% of the total production and contribute to 55% of the agricultural machinery exports from China.

Agricultural machinery subsidies, workforce reduction, and the improvement of farmers' purchasing power are the main driving forces behind the rapid development of China's agricultural machinery industry. Since the Chinese government first implemented subsidy policies in 2004, the scope of subsidies has grown to include 12 categories and more than 175 types of agricultural machinery. In 2012, government-designated subsidies for purchasing agricultural machinery reached \$3.5 billion (52 times the amount in 2004). During the past nine years, the Chinese central government dedicated approximately \$12 billion for agricultural machinery subsidies, contributing to the overall demand for agricultural machinery of \$51 billion at a 1 to 4.2 ratio.

There is a clear disparity between China's agricultural machinery manufacturing technologies and those of developed nations, particularly in the area of intelligent control. For the past several years, China's agricultural manufacturing industry has relied largely on the production of small-scale, low-end to mid-range machinery. Mass-production machineries concentrate their operations on small-power tractors, combines, and other small-to-medium-sized machines.

Opportunities

[Return to top](#)

Market Entry

There are no specific market-access restrictions. However, subsidy policies do pose a challenge to U.S. exporters. The competition between local Chinese suppliers of low-end and mid-range equipment is fierce. This leaves the high-end technology/equipment market as a practical target for U.S. manufacturers.

In 2005, the Chinese government began to subsidize agriculture machinery for farmers. The government does not subsidize all equipment; only what it determines to be eligible for "government promotion." Eligible categories include: tractors, harvesting machines, planters, land preparation machines, crop care machines, and dairy machines. Provincial and local governments decide on which equipment they want to subsidize. There are no subsidies for imported products.

Market Demand

Domestic agricultural machinery production and sales maintained strong growth, but not for all sectors. Sales of soil tillage machinery, grain combines, rice transplanting and corn harvesting machinery were 1,578,000 units, 222,000 units, 97,000 units, and 52,000 units respectively in 2012.

In 2012, for agricultural machinery industry sales, Shandong Province ranked first with a 22% share; Henan Province ranked second with 19%; Jiangsu Province ranked third with 10%; and Zhejiang Province ranked fourth with 6%. Large-scale enterprises (with sales revenue of at least \$3.2 million) produced the majority of China's agricultural machinery in these four provinces alone.

According to the China Agricultural Machinery Distribution Association (CAMDA), the agricultural machinery industry's top five manufacturers comprised only 24.8% of the industry market shares in 2011.

Market Obstacles

U.S. companies should establish a clear strategy to handle the challenges of protecting their IPR in a complex, legal environment. More specifically, companies should learn how to conduct their business transactions to minimize risks of intellectual property theft in the most economical and cost effective way.

For more details on China's IPR environment, please refer to the materials located in the "China IPR Toolkit" located at: <http://beijing.usembassy-china.org.cn/ipr.html>

Web Resources

[Return to top](#)

Ministry of Agriculture, China

www.moa.gov.cn

Ministry of Water Resource, China

www.mwr.gov.cn

Chinese Academy of Agricultural Mechanization Sciences

www.caams.org.cn

Major Trade Show:

The Beidahuang International Agricultural Machinery Exhibition

Location: Harbin, Heilongjiang
Time: September, 2014
Website: <http://www.chinabdh.com/njz/english/>

Contacts

U.S. Embassy in Beijing

Zheng Xu, Commercial Specialist
(86-10) 8531-3000
Zheng.xu@trade.gov

Marine Industries

Overview

[Return to top](#)

Sales and manufacturing of Ships, Boats and Floating Structures in China (USD millions)

	2010	2011	2012	2013
Total Market Size	62,894	66,809	75,551	*
Total Local Production	101,500	108,605	112,949	*
Total Exports	40,285	43,687	38,819	29,006
Total Imports	1,679	1,810	1,783	2,033
Imports from the U.S.	25	46	67	63

Source: Global Trade Atlas

Overview

This section covers the use and development of sea-related industries including shipbuilding, ports, pleasure boats, sea communications and transportation, offshore oil and gas, sea-related chemicals, and sea fisheries.

As the world's largest exporter, China has become a center of maritime activity, and China's major state-owned shipping and shipbuilding companies are among the world's largest. According to the Ministry of Land and Resources of the People's Republic of China, the marine industry will gradually become one of the pillars of China's economy.

According to the Global Trade Atlas statistics, China's total value of sea-based imports and exports reached \$41 billion in 2012, of which ship imports accounted for \$1.8 billion. Trade volume reached a historic high of approximately \$45 billion in 2011. However, oceanic pollution, a 43% tax rate on imported yachts, underdeveloped ports, and cost increases continue to present challenges for the development of the marine industry.

Sub-Sector Best Prospects

[Return to top](#)

Sub-Sector Best Prospects

Best prospects in China's marine industries include shipbuilding and related accessories, recreational marine, port related accessories and sea transportation.

Shipbuilding

Chinese shipbuilding orders and deliveries have experienced fast growth for seven consecutive years, and China is currently ranked second in the world in both categories. According to statistics issued by Clarkson, a United Kingdom consultancy, Chinese shipbuilders' volume was 62 million Deadweight Tonnage (DWT) from January to November of 2011, with an increase of 9% compared with the same period in 2010. New ship orders were 75 million DWT in 2010, which was up 189% compared with the same period in 2009. The market share of Chinese shipbuilding output, new ship orders and ship orders in hand, respectively accounted for 42%,

49% and 41% of world totals in 2010. (Source: *Analysis on China's Shipbuilding Industry by China Shipbuilding Industry Association*)

The country plans to build three major shipbuilding bases in the Bohai Gulf area, East China Sea and South China Sea. When completed in 2015, the East China base will be the largest shipyard in the world.

Additionally, large infrastructure and manufacturing projects are being built in Haikou in Hainan province and Zhuhai in Guangdong province. In 2010, the State Council announced plans to make Hainan Island an international tourism destination.

In February 2009, China's State Council approved a revitalization plan for the Chinese shipbuilding industry. According to the plan, the government will encourage financial institutions to expand financing to purchasers of ships and extend financial support for domestic buyers of long-range ships until 2012. The plan will also support the industry by stabilizing production, growing domestic market demand, developing marine engineering equipment, supporting consolidation of the industry through mergers and acquisitions, as well as technical innovations. China needs high-technology, machinery, and management tools for the shipbuilding industry.

The best prospects for shipbuilding include: raw materials, coating equipment and coating materials, computer aided design (CAD) software and associated technologies for ship design and construction, equipment maintenance, Global Positioning Systems (GPS), navigation and on-board computer systems, and cutting and welding technology. China has routinely sought foreign design support for large marine engineering projects, but to date has relied heavily on European and Asian firms. With marine engineering projects as a targeted area of growth in the industry revitalization plan, and with United States expertise in offshore energy projects, there will be increasing opportunities for American design firms in this segment.

Recreational Marine Industry

With rapid economic growth, China's recreational marine market is forecast to expand sharply in the coming years. In 2010, China imported over \$90 million worth of yachts and pleasure vessels, which was an increase of 133%, compared with 2009 (Source: *Global Trade Atlas*). Based on the confidence that pleasure boats will become a part of the country's expanding upper and middle-class lifestyles, provincial governments, property developers and boat builders are all investing heavily in this industry. Business experts estimate that the overall market size may reach \$10 billion over the next decade, which presents significant opportunities for the export of United States's pleasure boats, accessories, marina planning, and construction materials (Source: *China Boat Industry and Trade Association*). China's importing of super yachts has increased dramatically, and comprises 44.6% of total yacht imports.

Although there are presently only a handful of marinas in China, dozens more are under construction or in the planning process. Many luxury residences in major cities incorporate waterways and boating facilities in their developments. The Shanghai government has decided to build marinas and cruise ship centers along the downtown riverfront as part of the efforts to remake Shanghai into a world-class city. Zhoushan, Qingdao, Dalian, Ningbo, Beihai, Dongguan, Shenzhen, and Hainan Island also have marina projects or are in the planning process.

Maritime Emergency Response and Port Safety

China is one of the world's largest maritime markets with a coastline of 32,000 kilometers and over 1,400 harbors. From North to South along China's eastern coastline, there are five established coastal port groups: Bohai Bay Rim Port Cluster, Yangtze River Delta Port Cluster, Southeast Coast Port Cluster, Pearl River Delta Port Cluster, and Southwest Coast Port Cluster. These ports are administered by the local Port Authority, together with the Maritime Safety Administration, which are both agencies under the Chinese Ministry of Transport.

Under the 12th Five-Year Development Plan of Transportation Safety and Emergency, by 2015, China expects to make significant advancement in the areas of regulations and emergency plans, equipment and facilities, information technology, workforce quality and infrastructure safety capabilities. The Chinese government also announced that it will spend over \$450 billion on maritime environmental protection and oil spill response with a focus on importing advanced equipment for emergency management and enhancing maritime safety soft skills.

Port Construction and Sea-Transportation

China is allocating significant capital for port and waterway construction to meet significant growth in freight volume. Currently, there are 57 officially registered yacht clubs and marinas with around 600 berths. China's port flow is increasing at exponential rates, reflecting foreign trade growth. Eight ports in mainland China, Shanghai, Shenzhen, Qingdao, Tianjin, Guangzhou, Xiamen, Ningbo and Dalian, are included among the 30 largest container harbors in the world. In 2010, total cargo turnover in China exceeded 9 trillion tons, rising 17% from 2009, and container throughput reached 146 million twenty-foot equivalent units (TEU) which was an annual increase of 19%. The port of Shanghai is by far the busiest in the world. The cargo turnover of the Shanghai port exceeded 650 million tons and container flow reached 29 million TEU in 2010. (*Source: China Ports Year Book 2011*).

To facilitate global trade, most ports in China are placing emphasis on expanding capacity, upgrading port facilities, and modernizing operations. The products and technologies in high demand are vessel traffic management information systems, laser-docking systems, terminal tractors, dredging equipment and security equipment for ports and vessels to enable them to comply with the International Ship and Port Security Code (ISPS).

China is building more deep-water berths to handle the larger fifth and sixth-generation container vessels. The largest project is the construction of Yangshan deep-water port, approximately 20 miles offshore from Shanghai and linked to the mainland by a 20 mile causeway bridge. The master plan calls for the completion of 50 berths by 2020, which will cost over \$10 billion. It also includes a logistics park and new harbor city on mainland China. Lianyungang, a northern port city in Jiangsu Province, is racing to build an international port after winning State Council approval to construct a 300,000 DWT deep-water channel and a 300,000 DWT berth for handling crude oil and ore.

Opportunities

[Return to top](#)

Opportunities

China's marine equipment industry currently lags behind the shipbuilding industry. Equipment that is in high demand includes machinery, key electric-mechanical equipment, communications systems, diesel engine crank-shafts and components, high-powered diesel engines, ship superstructures, deep-sea exploration ship products, high-grade steel plates and section bars, and environmentally friendly paint. Other potential prospects for shipbuilding can be seen in

markets for coating equipment, computer-aided design software and associated technology for ship design and construction, equipment maintenance, high-tech equipment (such as GPS, navigation and on-board computer systems), and cutting and welding technology.

Pleasure boats are one of the best prospects for exporters. It is estimated that in 2014, China will see a 40% increase in the import of super yachts. China's recreational marine industries are poised to expand rapidly in the coming years. Confident that pleasure boats will become incorporated into the lifestyle of China's growing wealthy class, provincial governments, property developers and boat builders are all investing heavily in this expanding industry, presenting significant opportunities for United States exporters of pleasure boats, accessories, marina planning services, and construction materials.

Maritime emergency response and port safety equipment and services have also begun attracting attention in China. There are good opportunities for equipment, technology, and services related to communication and supervision systems, flight supervision and maritime rescue, marine oil spills, salvage, mapping, waterway maintenance, and public security.

2014 Trade Show and Events:

Shenzhen International Boat Show (SIBEX)
October 23-26, 2014
Shenzhen Marina Club
www.sibex.net.cn

Web Resources

[Return to top](#)

www.sibex.net.cn

U.S. Consulate in Shanghai

Terri Lee Tyminski
(86-21) 6279-7055
Terri.Tyminski@trade.gov

Travel and Tourism

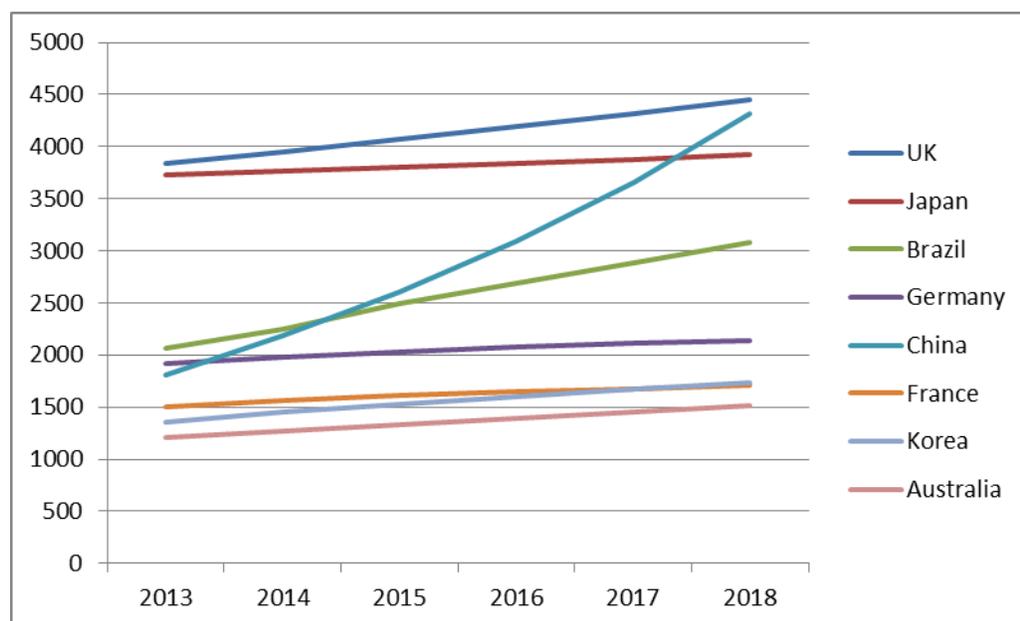
Overview

[Return to top](#)

China is rapidly becoming one of the most important outbound tourism markets in the world. According to the China National Tourism Administration (CNTA), Chinese outbound travelers reached 97.3 million in 2013, with 14 million more travelers than 2012. Their number was estimated to break 100 million in 2014. In the future, China may become the largest tourism outbound market in the world.

The United States is becoming an increasingly popular destination for Chinese travelers. In 2013, China ranked as the 7th largest international market for the United States. Roughly 1.8 million Chinese (excluding Hong Kongese) visited the U.S. in 2013.

According to the National Travel and Tourism Office within the U.S. Department of Commerce, the number of Chinese travelers to the United States will increase by 239 percent from 2013 to 2018. China is expected to overtake Germany and Brazil in total number of travelers to the United States by 2015.



UK	3,835	3,950	4,069	4,191	4,317	4,446
Japan	3,730	3,768	3,805	3,843	3,882	3,921
Brazil	2,060	2,246	2,493	2,692	2,881	3,082
Germany	1,916	1,974	2,033	2,074	2,115	2,136
China	1,808	2,188	2,603	3,098	3,655	4,313
France	1,505	1,565	1,612	1,644	1,677	1,710
Korea	1,360	1,455	1,528	1,604	1,668	1,735
Australia	1,205	1,265	1,329	1,395	1,451	1,509

Source: U.S. Department of Commerce, National Travel and Tourism Office 2013 Forecast of International Travelers to the United States by Top Origin Countries Report

A Chinese tourist spends, on average, \$5,444 per trip, and the contribution to the U.S. economy makes China's outbound tourism market a key component to President Obama's National Export Initiative.

No	Country	Total Spending in 2013 (\$ Millions)	Total Visitors in 2013 (Millions)	Spending per Traveler (\$)
1	China	9,800	1.80	5,444
2	Australia	6,100	1.20	5,083
3	Brazil	10,500	2.10	5,000
4	Japan	18,000	3.70	4,865
5	Germany	7,500	1.90	3,947
6	France	5,900	1.50	3,933
7	UK	13,700	3.80	3,605
8	Canada	27,000	23.40	1,154
9	Mexico	10,500	14.30	734

Source: Fast Facts: United States Travel and Tourism Industry 2013

American tour operators, destination marketing organizations, hotels and airlines will need to cooperate with each other, as well as with government entities, in order to capture more of this highly profitable market.

Sub-Sector Best Prospects

[Return to top](#)

As China rebalances its economy to include consumerism as a greater part of economic activity, some best sub-sector prospects for U.S. suppliers include luxury travel to the United States such as wineries and golf courses, MICE (meetings, incentives, conventions, and exhibitions), as well as foreign individual travel. While group tours to American destinations famous in China are still preeminent, more Chinese are becoming interested in visiting places of natural beauty, cultural and historical significance, and venturing off the beaten path. A stronger Chinese currency will buttress already robust spending in the United States by Chinese travelers.

Opportunities

[Return to top](#)

Several developments bode well for U.S. travel and tourism suppliers in the China market. The first is the establishment of a Brand USA office in both Beijing and Shanghai to coordinate future

activities to support the broader U.S. based industry. Brand USA has already organized and supported U.S. pavilions at major travel trade shows around China.

A second development is the establishment of a Visit USA Committee in China, consisting entirely of private-sector travel trade promoting Chinese visitors travel to the United States.

A third development involves policies by the Chinese government, such as the Tourism Law passed by the National People's Congress in May 2013, to encourage healthy growth of the travel & tourism industry in China, as well as to foster travel abroad.

Finally, shorter waiting times for visa interviews, expanded consular facilities at U.S. mission posts throughout China, and an all-new online application platform make the visa application process much more efficient.

Web Resources

[Return to top](#)

Brand USA – <http://www.thebrandusa.com/>

Discover America – <http://www.discoveramerica.com/>

Visit USA Committee: <http://visitusa-china.com/index.html>

U.S. Travel Association (USTA) – <http://www.ustravel.org/>

National Tour Association (NTA) – <http://www.ntaonline.com/>

China National Tourism Administration – Chinese regulatory agency, the U.S. does not have an equivalent bureau. <http://en.cnta.gov.cn/>

Commercial Service China Tourism Team –

<http://export.gov/china/doingbizinchina/industryinfo/tourism/index.asp>

National Travel and Tourism Office – <http://travel.trade.gov/>

Contacts

U.S. Embassy in Beijing

Jing Wei, Commercial Specialist

Tel: (86 10) 8531-4296

Jing.Wei@trade.gov

U.S. Consulate in Shanghai

Stellar Chu, Senior Commercial Specialist

Tel: (86 21) 6279-8726

Stellar.Chu@trade.gov

U.S. Consulate in Guangzhou

Barry Zhang, Senior Commercial Specialist

Tel: (86 20) 3814-5442

Barry.Zhang@trade.gov

U.S. Consulate in Shenyang

Dongmei Sun, Commercial Specialist

Tel: (86 24)2322-7019

Dongmei.Sun@trade.gov

U.S. Consulate in Chengdu

Helen Hua, Senior Commercial Specialist

Tel: (86 28) 8598-6738

Haiyan.Hua@trade.gov

Medical Devices

Overview

[Return to top](#)

China has become the world's second largest medical device market. Based on a recent report by the China Association of Medical Device Industry (CAMDI), China's medical equipment market has been growing at an average of 20 percent annually since 2009 and is expected to maintain the same growth rate through 2015.

According to the information from China Pharmaceutical Materials Association Medical Device Branch, the market size is expected to reach RMB300 (over \$48) billion by 2015. The driving factors include fast economic growth, the world's largest population, a burgeoning, aging population as well as government efforts to create better healthcare services. The government has invested heavily in the healthcare infrastructure and the provision of basic health insurance for all of its citizens.

Currently China's medical device market has two distinct categories: 1) domestic manufacturers who supply low to mid-range products 2) foreign-sourced, high-end products supplied by large companies like GE, Philips, and Siemens. According to Shanghai FDA, by the end of 2013 there were a total of 17,800 domestic medical device manufacturers and 180,000 distributing companies. China's total sales volume was RMB 215 (\$34.68) billion in 2013, representing a growth of 22% since the close of fiscal year 2012.

The United States ranks #1 in the import medical device market, followed by Germany and Japan. These three countries represent the majority share of China's imports.

According to statistics from the China Chamber of Commerce for Import and Export of Medicines and Health Products (CCCMHPIE), China's import and export value of medical equipment reached \$34.31 billion in 2013, an increase of 14% over 2012 (see table I).

Table I: 2012-2013 China's Medical Device Import and Export (USD billions)

	2012	Growth	2013	Growth
Total I/E Value	30.1	13.03%	34.3	14.13%
Import	12.5	14.56%	15.0	20.07%
Export	17.6	11.96%	19.3	9.92%

Table II below shows an analysis of medical device imports during 2011-2013 based on HS codes under the medical device categories.

Table II: 2011-2013 China's Import of Medical Device by HS code from the Top 3 Countries (USD millions)

	2011	2012	2013	Share			Growth %	Change %	
				2011	2012	2013		2011-2012	2012-2013
World	13,061	15,331	17,136	100%	100%	100%	17.4%	+17.4%	+11.8%
U.S.	4,428	5,219	5,918	33.9%	34.0%	34.5%	17.9%	+17.9%	+13.4%
Germany	2,343	2,713	3,132	17.9%	17.7%	18.3%	15.8%	+15.8%	+15.4%
Japan	2,072	2,347	2,201	15.9%	15.3%	12.8%	13.3%	+13.3%	-6.2%

China has over 16,000 hospitals, 85% of which are publicly-owned. The Chinese hospitals consider U.S. products to be of superior quality as well as the most technologically advanced and they particularly welcome medical equipment and products with high-technology content. At the same time, domestic medical device companies are consolidating, upgrading quality, and beginning to compete in medium- level technology niches. With the government policy to align to supporting and encouraging medical device innovations, some domestic manufacturers such as Shenzhen Mindray are growing stronger and are already competing with foreign suppliers.

Given the status of the Chinese medical device market, significant potential exists for U.S. companies interested in entry or expansion in the Chinese market. On the other hand, the new healthcare reform, which started in 2009, is at the stage of advancing the reform on public hospitals. An accumulated investment of over RMB 2,242 billion (\$359 billion) has been invested by the government during the last five years to improve the healthcare infrastructure. The reform will definitely impact future medical device sales opportunities in China.

Companies interested in entering the Chinese market should realize they must overcome existing barriers in an uncertain and changing regulatory environment. Recently, China's State Council announced changes in the Regulation for Supervision and Administration of Medical Devices (Order 650), slated for implementation on June 1, 2014. Order 650 is the revision of the old regulation Order 276 which was implemented in 2000. As the regulator of medical devices, China Food and Drug Administration (CFDA) is expected to issue a number of technical documents on June 1st for implementing this new regulation. Compared with the old regulation, noticeable changes include extending validity of the registration certificate to five years; adopting a notification system to replace the registration system for all Class I products; requiring Chinese language on the product manual, labels, and packaging labels; requiring clinical trials inside China for the Class II and Class III medical devices that are not on the CFDA's exemption catalog. Additional issues and challenges that the U.S. exporters will face include pricing, tender, and bar code systems that are delaying entry into the Chinese medical device market.

Sub-Sector Best Prospects

[Return to top](#)

The best-selling prospects in the medical device sector include:

- In vitro diagnostic equipment and reagents: Clinical and diagnostic analysis equipment, diagnostic reagents, medical test and basic equipment instruments, and point of care testing (POCT).
- Implantable and intervention materials and artificial organs: Interventional materials, implantable artificial organs, contact artificial organs, stent, implantable materials, and artificial organ assisting equipment.

- Therapeutic products: Tri-dimensional Ultrasonic-focused therapeutic systems, body rotary Gamma knife, simulator, linear accelerator, laser diagnostic and surgical equipment, nuclide treatment equipment, physical and rehabilitation equipment.
- Medical diagnostic and imaging equipment: Black & white and colored supersonic diagnostic units, sleeping monitor, digital X-ray system, MRI, CT, DR, and ultrasound equipment.
- Surgical and emergency appliances: Anesthesia ventilation systems and components: high frequency surgical equipment, high frequency and voltage generators.
- Healthcare Information Technology related equipment and products: Medical software, computer-aided diagnostic equipment, and hospital information systems (HIS, CIS, and HLT).
- Medical equipment parts and accessories.

Opportunities

[Return to top](#)

The 72nd China International Medical Equipment Fair (CMEF)

The 19th International Component Manufacturing & Design Show

Date: Oct 23-26, 2014

Venue: Chongqing International Expo Center

Contact: Mr. Gu Ying

Tel: + 86-10-84556603

Fax: +86-10-82022922

Email: ying.gu@reedsinopharm.com

<http://en.cmef.com.cn/>

MEDTEC China 2014

September 25-26, 2014

Shanghai-Intex

Sponsored by: UBM Canon Events

<http://www.devicelink.com>

China Med 2015 - The 27th International Medical Instruments & Equipment Exhibition

March 21-23, 2015

China National Convention Center, Beijing

Contact: Rene Zhao

Messe Düsseldorf (Shanghai) Co., Ltd.

Tel: 86-10-6590 7101

Fax: 86-10-6590 7347

Email: rene.zhao@mds.com

<http://www.chinamed.net.cn/en/Visitor.asp>

Web Resources

[Return to top](#)

China Food and Drug Administration (CFDA)

<http://eng.sfda.gov.cn/WS03/CL0755/>

The National Health and Family Planning Commission

<http://www.moh.gov.cn/>

China Association of Medical Device Industry (CAMDI)

<http://www.cccmhpie.org.cn/English/default.aspx>

China Chamber of Commerce for Medicines and Health Products (CCCMHPIE)

<http://www.cccmhpie.org.cn/English/default.aspx>

Contacts

U.S. Embassy in Beijing

Ming Yang

Senior Commercial Specialist

Email: ming.yang@trade.gov

Tel: 8610-8531-4006

U.S. Consulate in Shanghai

Xiaoli Pan

Senior Commercial Specialist

Email: xiaoli.pan@trade.gov

Tel: 86-21-6279-8750

U.S. Consulate in Guangzhou

Angela Han

Senior Commercial Specialist

Email: Angela.han@trade.gov

Tel: 86-20-8667-4011 ext. 612

U.S. Consulate in Chengdu

Ling Chen

Senior Commercial Specialist

Email: ling.chen@trade.gov

Tel: 86-28-8558-3992 ext. 6567

U.S. Consulate in Shenyang

Yang Liu

Senior Commercial Specialist

Yang.liu@trade.gov

Tel: 86-24-2322 ext. 1198

Information and Communications Technology – Equipment and Software

Overview

[Return to top](#)

IDC (a well-known professional IT consulting firm) estimated the 2014 Chinese information and communications technology (ICT) total market size to be \$397 billion, an increase of 11.1% over 2013. According to the firm, the 2013 IT market totaled \$205 billion with a 14.2% increase over the previous year. The 2014 telecommunications market is estimated to reach \$192 billion, an increase of 7.9% compared with 2013. Chinese government statistics reported via the Ministry of Industry and Information Technology (MIIT) and presented below reflect higher numbers, but similar growth trends.

Unit: USD
millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	1,093	1,366	1,580	1,829
Total Local Production	1,781	2,056	2,379	2,752
<p>Note: Market size and local production are Chinese government official data; Import and export data are Global Trade Atlas statistics, not official Chinese government statistics</p>				
Total Exports	400.8	465.5	*	*
Total Imports	350	405.7	*	*
Imports from the U.S.	12.5	20.1	*	*
Exchange Rate: 1 USD	1 USD =6.141 RMB			

Sources: MIIT

Trade Data Source: Global Trade Atlas

Note: calculated using HS 8517 – 8548

Sub-Sector Best Prospects

[Return to top](#)

MIIT estimates the 2014 ICT market trends to be the following 10 areas:

- 1. To accelerate the construction of a broadband cities, move broadband users to 4M**

China's "Broadband China" strategy was released in 2013. In 2014, the MIIT will launch a "Broadband China 2014 Special Action " and start setting up "Broadband China" pilot city. In addition, the national backbone network bandwidth and international bandwidth and CDN performance will achieve improvement. (Note: 4M is 4 megabyte. Currently 80% of China netizens have 4M. China's goal is for the remaining 20% to have 4M this year.)

2. China is expected to jump to the world's second-largest 4G market

4G subscribers in China is expected to reach 40 million to 60 million. The optimistic estimate is expected to surpass Japan and South Korea, becoming the world's second largest market after the U.S. LTE market. Currently, the United States, Japan, South Korea three markets accounted for 87% of the total global LTE market. Although China 4G started late, but is facing great opportunities. China will invest more than \$16.1 billion in 4G construction in 2014. TD-LTE development will maintain the rapid growth.

3. Internet service revenues account for almost half of the information and communications services total market

In 2014, internet service is estimated to increase 100% for its contribution to the ICT industry revenues. Up to October 24, 2013, WeChat users reached 600 million. Over The Top (OTT) service is further challenging traditional communication services. China's total e-commerce sales in the first three quarters of 2013 were at \$200 billion.

4. Internet to push traditional industries transformation, integration of informatization and industrialization to be accelerated

Chinese government is making efforts on promoting the internet, internet of things, cloud computing, big data and so on, for ICT technologies application in traditional manufacturing in terms of increasing the country's competitiveness. Digital energy and smart cities will continue to be the hot topics/focus.

5. Telecommunications re-sale services to deepen competition

Private capital into the telecommunications industry will bring more vitality. Private enterprises' participation in the telecommunications industry will bring more opportunities for innovation.

6. With global rapid development of smart terminals, tablet sales may exceed PCs

In the smart terminal market, there will be a new attraction - tablet sales will for the first time surpass PC sales. Smart phone sales have surpassed PC sales for several years. In China, the domestic brand smart phones seek to improve product quality while keeping their competitive price. On the other hand, the international smart terminal manufacturers will pay attention to the low-end market in order to expand their market share. Competition between foreign and domestic consumer electronics manufacturers will be more severe.

7. Smart terminal chips to accelerate the development of multi-mode multi-band multi-core, 64-bit processing chips has become hot

Chinese chip design and manufacturing technology is still far behind that of the United States. China will continue to be a large chip importer to accommodate its smart terminal manufacturing.

8. Cloud computing application focus, big data to move to the traditional areas

The cloud computing and big data market has begun to take shape. Both sectors will provide opportunities for service and product providers.

9. Acceleration of the expansion of industrial applications and public applications

There were more than 200 desalinated smart cities announced up to end of 2013. The Internet of Things will expand to the public application networking market. The combination of social media, mobile internet, and smart terminals becomes a very active area and potentially provides a lot of opportunities.

10. The importance of information security network unprecedented rise, become a national security strategic focus

With the outbreak of the Snowden incident, information security has become a public focus. The Chinese government pays much attention to information security and national security. It will make efforts on enhancing network and information security and lay out a batch of rules related to strategy, key technologies, and industrial development. Information security related products will be facing more and more difficulties in the Chinese market.

[Information sourced from the MIIT website]

Opportunities

[Return to top](#)

Green Data Center

With rising incomes of its fast growing middle-class, Asia is experiencing a significant boom in its information and communications technology (ICT) sector, resulting in substantial construction of new data centers. The daily operation of data centers requires large amounts of electricity to power data processing, storage equipment, back-up power supply, and supporting cooling systems. Currently, the amount of electricity consumed in China's data centers surpasses the total output generated by the Three Gorges Dam, the world's largest power plant, and accounts for 2.4% of the total power consumed by the whole country. Data centers consume 100-200 times more electricity than standard office spaces; however, most data centers in Asia are simply scaled-up versions of standard office spaces. Energy efficiency technologies and virtualization applications have not been widely adopted in data centers throughout Asia, resulting in high energy use—roughly double the energy use of U.S. data centers. This large discrepancy underscores significant opportunities for new technologies and solutions to be implemented at data centers in China. These technologies include more energy efficient servers, virtualization and cloud computing technologies, advanced cooling, efficient air management, and building/facility energy design and management.

According to Chinese government statistics, by the end of 2011 there were a total of 500,000 data centers with a market size of around RMB 102 billion with an annual growth rate of 18.6%. With the rapid growth of cloud computing technology, the increasing demand of data processing

may result in data center expansion of seven to nine fold in the five years. According to MIIT statistics, in 2011, China's electric power consumption in data centers was equivalent to Tianjin's total power consumption in 2011. MIIT laid out a goal in the Twelfth Five Year Plan of Industrial Energy Saving to decrease data center power usage effectiveness (PUE) by 8% by 2015.

Chinese government and data center owners are seeking data center-related green technology/solution/products, such as cooling systems, control systems, evaluation methods, backup power solutions, energy monitoring and management technologies, and energy efficient IT products in terms of improving energy efficiency performance on data centers in China.

Web Resources

[Return to top](#)

Ministry of Industry and Information Technology (MIIT)

<http://www.miit.gov.cn/>

Ministry of Science and Technology

<http://www.most.gov.cn/>

China Academy of Telecommunication Research (CATR)

<http://english.catr.cn/>

China Electronics Standardization Institute (CESI)

<http://www.cesi.cn/>

China Institute of Electronics (CIE)

<http://www.cie-info.org.cn/>

China Communications Standards Association (CCSA)

<http://www.ccsa.org.cn/>

China Electronics Chamber of Commerce (CECC)

<http://www.cecc.org.cn/>

Contacts

U.S. Embassy in Beijing

Liting Bao, Commercial Specialist

Tel: (86 10) 8531-3889

Liting.Bao@trade.gov

U.S. Consulate in Chengdu

Lily Lin, Commercial Specialist

Tel: (86 28) 8558-3992

Lin.Liping@trade.gov

U.S. Consulate in Shanghai

Jane Shen, Senior Commercial Specialist

Tel : (86 21) 6279-7630 ext. 8718
Jane.Shen@trade.gov

U.S. Consulate in Guangzhou

Lena Yang, Senior Commercial Specialist
Tel : (86 20) 8667-4011 ext. 612
Lena.Yang@trade.gov

U.S. Consulate in Guangzhou

Sophie Xiao, Senior Commercial Specialist
Tel : (8620) 8667-4011 ext. 619
Sophie.Xiao@trade.gov

Oil and Gas

Overview

[Return to top](#)

China holds 20 billion barrels of proven oil reserves, the highest in the Asia-Pacific region. The rapid development of the Chinese economy has been consistently pushing the demand for energy to a higher level in the past few years. In 2013, China consumed 68 million barrels of crude oil, an increase of 1.7% compared with the previous year. 58.1% of China's oil supply relies on importation. This reliance on oil importation will continue in the years to come. However, industry analysis indicates that China's oil market elements will remain relatively stable as China slows down its pace of economic development.

China's oil and gas market is dominated by four national and provincial oil companies: PetroChina, Sinopec, China National Offshore Oil Corporation (CNOOC), and Yanchang Oil (a Shaanxi Provincial-level state-owned company). Sinopec controls 46% of total crude refining capacity, while PetroChina accounts for 31%. The remainder is processed by smaller refineries. CNOOC focuses on offshore oil development and has limited refining capacity in the market.

China manufactures a great majority of oil and gas equipment domestically. China's State-Owned Enterprises (SOEs) control around 66% of the market for well-drilling equipment. Small- and medium-sized private Chinese companies make up 19% of the market. Foreign companies make up 15% of the market and supply advanced complete-set equipment. Chinese privately owned oil and gas equipment companies are catching up quickly. Among them, Sichuan based HongHua Group and Shandong based Kerui Group are among the leading suppliers of such equipment.

Natural gas currently makes up a relatively small portion of China's primary energy mix. However, the discovery of huge domestic shale gas reserves has inspired the government to prioritize the development of this resource for the sake of energy security as well as to reduce reliance on coal. China has developed an ambitious plan to develop natural gas and shale gas in particular. As stated in the government's 12th Five-Year Plan, China will require between 200-250 billion cubic meters of natural gas per year by 2020, an almost four-fold increase from current consumption. The government has set a target of increasing gas to 10% of China's energy consumption by 2020, which will make it the largest consumer of natural gas in Asia within the next 10 years.

International Oil Companies (IOCs) and service companies have established their presence in China mostly through partnering with Chinese companies. At present, IOCs mostly team up with CNOOC in offshore oil development while service companies are hired by the big three oil giants on both onshore and offshore projects, which oftentimes are complicated and complex drillings. IOCs and international service companies have started working with Sinopec, PetroChina and Yanchang to develop shale gas and tight gas in both Sichuan and the Erdos Basin.

The following is a chart that explains the market size and penetration of foreign products in this industry including drilling and refinery equipment, compressed vessels and offshore engineering equipment. U.S. manufactured oil and gas equipment represents 50%-60% of China imports and imports from the U.S. will continue to increase as China develops its shale gas resources.

Oil and Gas Equipment

Unit: USD Billions

	2011	2012	2013	2014 (estimated)
Total Market Size	29	46	70	80
Total Local Production	45	57	82	93
Total Exports to the World	23	19	19	21
Total Imports from the World	6.5	6.7	6.9	8.0

Source: China Petroleum and Petrochemical Equipment Industry Association (CPEIA website: www.cpeia.org.cn) and the U.S. Commercial Service in China.

Sub-Sector Best Prospects[Return to top](#)

In general, areas with high government support and low domestic product maturity offer the best prospects for foreign companies. Exploitation technologies enjoy strong government support, specifically steam-assisted gravity drainage (onshore), geologic exploration equipment, position navigation systems, deep-water drill systems (offshore), and fracturing technology (shale gas) are technologies and equipment that enjoy high demand.

Shale Gas

The Chinese shale gas industry is poised to expand rapidly over the coming decade. According to the Ministry of Land and Resources (MLR), China holds more shale gas assets than any other country, having around 25 trillion cubic meters of technically recoverable reserves. The Chinese government is eager to promote the development of the domestic shale gas energy.

The country has set itself ambitious targets for cleaner growth and the government believes that tapping its large unconventional gas resources might be a way of reducing its reliance on coal, which produces significant CO₂ emissions. In addition, China wants to improve its energy security by becoming less reliant upon foreign imports. The central government aims to produce 6.5 billion cubic meters of shale gas by 2015, rising to 100 billion by 2020.

In an effort to kick-start the industry, the Chinese government has taken a number of proactive steps. The government released its first Five Year Plan for the industry in 2012, mandating ambitious production targets, establishing market entry conditions, and defining the scope for foreign cooperation. As part of this plan, the government has developed an incentive plan to encourage investment in shale gas. In November 2012, the Ministry of Finance (MOF) announced that they would provide a subsidy of RMB 0.4 (\$0.06) for every cubic meter of gas produced. Furthermore, in recognizing the need for foreign technology and expertise, the government has recently relaxed regulations surrounding the shale gas industry. Most significantly, MLR announced in September of 2012 that foreign companies would be allowed to take part in the bidding process for shale gas exploration licenses. Whereas this bidding was previously limited only to domestic firms, new rules permit Chinese-controlled foreign joint ventures to take part in the tender process.

Despite extreme interest in utilizing these resources from national and local government, significant progress has been difficult to achieve. Exploration efforts have been limited with only

150 shale gas wells being drilled to date compared to 50,000 in the United States. To put these numbers in context, industry sources suggest that the country will have to complete at least 1,000 wells per year in order to reach government targets.

A number of factors have hindered the development of the shale gas industry. In particular, Chinese shale gas reserves are located in regions that will make extraction very difficult. Not only are these areas often mountainous and inaccessible, but the resources are often located at depths beyond those which have previously been considered viable. This point is exemplified by the conditions surrounding the Sichuan Basin. Although this area holds massive shale gas reserves, it is both prone to significant seismic activity and a great deal of geological structural complexity. Furthermore, China lacks a developed pipeline network that is able to transport potentially massive amounts of shale gas to the more energy demanding regions on the East coast. Finally, the water intensive nature of shale gas extraction will pose a strong challenge to the industry as China already faces water shortages in many of the areas where shale gas reserves exist.

Opportunities

[Return to top](#)

It is clear that as China currently does not have commercial shale gas production capacity, the industry is in need of significant further investment and exploration. This situation has the potential to create substantial opportunities for American companies across the shale gas value chain. For example, firms that have developed significant advantages in extraction technologies – particularly in water efficiency and deep extraction - are well positioned. Companies that specialize in drilling, extraction equipment, or provide operational services for shale gas developers may also benefit from the growth of the Chinese shale gas market.

In addition, U.S. firms that have technologies and expertise in other unconventional gas sector such as tight gas, coal-bed methane and coal gasification will also have sales opportunities in the market as China is trying to cope with the increasing demand for gas and searching for alternative and cleaner ways for the use of the country's coal resources.

Upcoming Trade Events

2014 China International LNG Conference & Expo

September 1-3, 2014

National Convention Center – Beijing, China

[Http://www.lngchina.org](http://www.lngchina.org)

U.S.-China Oil and Gas Industry Forum

September 26-28, 2014

<http://www.uschinaogf.org/index.html>

Shanghai International Petroleum & Petrochemical Exhibition (SIPPE)

December 4-6, 2014

Shanghai New International Expo Center

<http://www.sippe.org.cn>

Beijing International Petrochemical Technology and Equipment Exhibition

March 26-28, 2015

New China International Exhibition Center Beijing

<http://www.cippe.com.cn/>

Web Resources[Return to top](#)**Government Authorities**

National Energy Administration: <http://www.nea.gov.cn>

Ministry of Land Resources: <http://www.mlr.gov.cn>

National Development and Reform Commission: www.ndrc.gov.cn

Ministry of Environmental Protection: www.mep.gov.cn

Additional Information

China Greentech Initiative Reports: <http://www.china-greentech.com/publications>

Gas Technology Institute: <http://www.gastechnology.org>

Energy Information Administration: <http://www.eia.gov>

United States Energy Association: www.usea.org

Contacts**U.S. Embassy in Beijing**

Jianhong Wang, Commercial Specialist

(86 10) 8531-3424

jianhong.wang@trade.gov

U.S. Consulate in Chengdu

Cui Shiyang, Commercial Specialist

(86 28) 8558-3992

shiyang.cui@trade.gov

U.S. Consulate in Shanghai

Scott Yao, Commercial Specialist

(86 21) 6279-8727

scott.yao@trade.gov

U.S. Consulate in Shenyang

Evelyn Zhou, Commercial Specialist

(86 24) 2322-8146

evelyn.zhou@trade.gov

U.S. Consulate in Guangzhou

Lena Yang, Commercial Specialist

(86 20) 3814-5000

[lena.yang@trade.gov](mailto:lana.yang@trade.gov)

Nuclear

Overview

[Return to top](#)

	2011	2012	2013	2014
Nuclear power plants in operation	14	15	20	21
Nuclear power plants under construction	25	24	22	28
Nuclear power plants in operation growth (year on year)		1	5	1

Source: International Atomic Energy Agency (IAEA); World Nuclear Association

In the past 10 years, China has become the world's largest consumer of energy, surpassing the United States in 2010. In 2011, China's energy supply and demand both surged ahead at an amazing pace in the shadow of its 9.3% GDP growth.

Holding 79% of the overall market, thermal sources still account for the bulk of energy generated in China, especially in the coal industry. In contrast, as of 2013, nuclear power only supplies about 2.9% of the electricity in China, with a generating capacity of 20.9 gigawatts (GW). However, nuclear power is expected to grow in the coming years to around 6.0 to 6.5% of the total electricity generation in China, with a 49.5 (GW) capacity by 2017, according to Business Monitor International industry forecast.

China's power generation capability is quite formidable and carbon emissions regulation has government and industry leaders increasingly looking towards nuclear power to establish a balanced mix of energy generating methods. China National Nuclear Corporation's (CNNC) Chairman has predicted that the country will exceed its goal of having 58GW of installed nuclear power by the end of 2020. To this end, China is looking to treble its number of operating nuclear plants through the construction of 31 new plants and the completion of 20 or more of these by 2020, producing between 80 and 90 GW by that date. If this figure is achieved, China alone will be responsible for half of the world's growth in nuclear power production in the next few years. Beyond the next decade, estimates vary as to the extent of China's nuclear growth. Many analysts suggest that nuclear power could produce as much as 200 GW by 2030 and might supply 400-500 GW by 2050, accounting for 15% of China's overall energy needs.

Much of this growth in power generation will come not only from the construction of new nuclear sites, but also from the development of more advanced plant designs. Whereas most plants currently in operation have a production capacity of less than 1 GW, the vast majority of reactors currently under construction are using more advanced designs. The designs most favored in current construction plans are the CPR-1000 and American designed AP1000 generators, which have a production capacity of around 1.25 GW. In the case of the AP1000, this imported design is forming the main basis of China's move towards 3rd generation nuclear technology.

While China recognizes the need to import foreign technology, it also wants to localize as much of this technology as possible and China continues to demand full technology transfer and

localization whenever possible. As a result, many U.S. power equipment manufacturers and related construction and engineering firms have formed joint-ventures in this market.

Regulatory Environment

The nuclear power industry in China is tightly controlled and dominated by a number of local players. As of 2007, the National Nuclear Safety Administration (NNSA) has approved three companies to hold full ownership and maintain nuclear power plants. These are: China National Nuclear Corporation (CNNC), China General Nuclear Power Group (CGNPC) and China Power Investment Corporation (CPIC). Other companies, both foreign and domestic, are restricted to holding minority stakes in nuclear projects

In contrast to the situation in much of the rest of the world, China's regulatory environment is relatively supportive of nuclear development. The Chinese government has a strong interest in diversifying the country's energy supply and in promoting the cleaner production of energy. Indeed, in the government's 12th Five Year Plan the country's leaders committed themselves to several ambitious targets including a 16-17% reduction in energy and carbon intensity and a 11.4% share of non-fossil fuel in energy mix by 2015. Given these regulatory incentives, it seems that China will continue to support the development of the nuclear industry in the future.

The Fukushima Daiichi reactor incident event had a heavy impact on the advancement of the nuclear power industry, stalling the approval process for all new nuclear sites and mandating an immediate safety review for all existing nuclear facilities. In addition, the government committed itself to the development of a new safety plan and improved regulatory oversight of the industry. To this end, the government recently released the Nuclear Safety Radioactive Pollution Prevention 12th Five Year Plan and Vision for 2020, which seeks to bely concerns that China will forego safety procedures as it seeks to rapidly develop its nuclear industry. This plan, which was developed by the National Energy Administration, places a far more rigorous set of safety criteria upon each stage of nuclear development. In addition, it calls for the deployment of the more advanced nuclear technology and better safety management systems to minimize future risks.

As of October 2012, the State Council has resumed approval of construction for new nuclear plants, albeit at a slower pace and with a greater emphasis on safety. The Mid and Long-Term Plan for Nuclear Power (2011-2020) emphasizes that construction of new sites will, up to 2015, be limited to coastal areas where the chances of earthquakes remain small. While this framework has brought some clarity to the picture, a degree of uncertainty will linger until China releases a complete atomic energy law.

Sub-Sector Best Prospects

[Return to top](#)

Given the enormous growth in the Chinese nuclear industry, foreign companies looking to conduct businesses in the local market have several avenues of approach. As development of new nuclear plants continues, surveying, construction and construction equipment services will be in high demand. Furthermore, as domestic energy firms are looking to improve reactor design, U.S. companies with a specialty in advanced reactor technology have opportunities to cooperate in reactor production.

Besides opportunities to supply the world's first four AP1000 projects in China, and the subsequent projects expected, Chinese power utilities have been collaborating with U.S. Company Westinghouse in the development of the new CAP1400 reactor, capable of producing

an output of 1.5 GW, based on the Westinghouse AP1000 design. China's State Nuclear Power Technology Corporation has claimed in 2013 that they were ready to start exploration of the global market for CAP1400. The first CAP1400 demonstration reactor started construction in Shidaowan, Shandong province, this year and commission it in late 2018. In addition, while most current designs including the AP1000 are Pressurized Water Reactors, China is looking to move towards the construction of more Fast Neutron Reactors (FNR). Beyond standard technologies, Chinese firms are also eager to explore alternative nuclear reactor designs including "pebble bed reactors" and "molten salt reactors."

Following the international trend at the present, China is also ready to develop and deploy Small Modular Reactors (SMR) technology, now that it has sufficient financial support from the government and enough investment from power companies. In 2011, the CNNC signed an agreement with Zhangzhou municipal government in Fujian Province to host the first ACP-100 demonstration site. China is a potential site for many international designers and developers of SMRs, as its goal is to export rather than appeal to the domestic market.

In the wake of the Fukushima Daiichi nuclear disaster, efforts have been focused on improving safety standards across the industry. China currently operates several types of nuclear reactors using multiple technologies, making safety management a significant challenge. The Ministry of Environmental Protection (MEP) has suggested that China may have to spend as much as \$13 billion to achieve 3rd generation safety standards across all of its existing plants, since China will only be approving 3rd generation projects over the next three years. Given this expected outlay, U.S. companies with significant experience in nuclear safety management, retrofits and extensive upgrade technology will have significant opportunities in China over the next few years.

Sources: "SMRS in China: An Exciting New Sector" Yun Zhou and Jonathan Hinze (The Ux Consulting Company, LLC); "China Power Forecast Scenario" and "Industry News Nuclear Sector on the Path to Criticality" Business Monitor International; "China's Nuclear Restart: Opportunities and Challenges in a Modernizing Market" Nicobar Group

Opportunities

[Return to top](#)

ECP Nuclear Power Working Group

Launched in May, 2012, the Nuclear Power Working Group (NPWG) is the newest addition to the public-private partnership platform of the U.S.-China Energy Cooperation Program (ECP). As part of ECP, the NPWG is a commercially led platform that currently represents American companies who work across the entire nuclear value chain. Bi-lateral advocacy efforts focus on improving technical standards, specifications and requirements in the aspects of safety, control valves and fuel resourcing, etc. Those efforts, in the medium-term, aim to create market entry opportunities for advanced U.S. technologies and products to China, and support the development of world-class protocol. Website: <http://www.uschinaecp.org/>

The 13th China International Nuclear Industry Exhibition

Dates: April 15-18, 2014

Venue: China National Convention Center, Beijing

Website: <http://www.nic-expo.net>

China International Nuclear Power Equipment Exhibition 2014

Dates: July 29-31, 2014

Venue: China International Exhibition Center (CIEC), Beijing

Website: http://www.chinaexhibition.com/Official_Site/11-4937-CINE_2014_-_China_International_Nuclear_Power_Equipment_Exhibition_2014.html

Web Resources

[Return to top](#)

Government Authorities

China Atomic Energy Authority - <http://www.caea.gov.cn>

National Energy Administration - <http://www.nea.gov.cn/>

National Nuclear Safety Administration - <http://nnsa.mep.gov.cn/>

State-owned Assets Supervision & Administration Commission - <http://www.sasac.gov.cn/>

Chinese Corporations

State Nuclear Power Technology Corporation – <http://www.snptc.com.cn/en/>

China National Nuclear Corporation – www.cnncc.com.cn

China General Nuclear Power Group – <http://www.cgnpc.com.cn/>

China Power Investment Corporation - <http://www.cpicorp.com.cn/>

Additional Information

Civil Nuclear Trade Advisory Committee - <http://trade.gov/mas/ian/nuclear/>

Civil Nuclear Guide to Exporting - <http://export.gov/civilnuclear/>

Nicobar Group - <http://www.nicobargroup.com/>

World Nuclear Association - <http://www.world-nuclear.org/>

U.S. & Foreign Commercial Service Nuclear Industry Contacts in China

U.S. Embassy in Beijing

Hongying Cai, Commercial Specialist

(86 10) 8531-3000

hongying.cai@trade.gov

U.S. Consulate in Chengdu

Cui Shiyang, Commercial Specialist

(86 28) 8558-3992

cui.shiyang@trade.gov

U.S. Consulate in Shanghai

Scott Yao, Commercial Specialist

(86 21) 6279-7630

scott.yao@trade.gov

U.S. Consulate in Shenyang

Evelyn Zhou, Commercial Specialist

(86 24) 2322-1198

evelyn.zhou@trade.gov

U.S. Consulate in Guangzhou

Lena Yang, Commercial Specialist

(86 20) 8667-4011

lana.yang@trade.gov

Rail and Urban Rail

Overview

[Return to top](#)

Railway Industry

China's Rail Investment/Operating Mileage/Total Freight Volume

	2011	2012	2013
Total Fixed Asset Investment (exchange rate: \$1 = RMB6.3)	\$93.7 billion	\$100 billion	\$103 billion
Total Operating Mileage	91,000 kilometers	98,000 kilometers	100,000 kilometers
Total Freight Volume	3.93 billion tons	3.9 billion tons	3.97 billion tons

(source: China Railway Corporation official website <http://www.china-railway.com.cn/>)

Railway transportation plays a key role in China's economic development. During China's 12th Five Year Plan, the total fixed assets' investment on railway will be over \$460 billion. By 2015, China's total railway operating mileage is planned to increase from the current 100,000 kilometers to around 120,000 kilometers. After rapidly developing its passenger network, the China Railway Corporation (C.R.) is performing feasibility studies on increasing the freight transportation volume, i.e. heavy haul.

By the end of 2013, China's national railway operating mileage reached 100,000 kilometers, ranking second in the world after the United States; while its high-speed railway operating mileage reached 10,000 kilometers, ranking first in the world. China's railway passenger turnover, freight volume, cargo turnover, and conversion volume all rank first in the world. China is now considered technologically advanced in high-speed rail, high-altitude rail, and heavy-haul freight rail.

China's high-speed rail network is expected to reach 16,000 kilometers by 2015. High-speed railways are incorporated as part of the country's "express railway network," which is expected to reach 45,000 kilometers by 2015. The express railway network includes railways of three speeds: arterial rail lines at a speed of 300 km/h, intercity and extension and linking lines at 200-250 km/h, and railways in western China with speeds of 160-200 km/h.

Chinese railway authorities and operational organizations are willing to learn new technologies, best practice and international standards on heavy haul rail in order to continue to improve the cargo shipping efficiency and lower operating costs. The U.S. freight rail network is widely considered one of the most dynamic freight systems in the

world, with a rail network of 225,000 kilometers. With the largest heavy haul railroad network in the world, U.S. has broad experience in heavy haul operation. U.S. companies own proprietary technologies and technical expertise with a demonstrated track record of success. The U.S. rail industry, organized in China through the U.S. Embassy Commercial Section's American Railway Working Group (ARWG), is actively engaged in collaborating with Chinese partners to assist in developing China's freight rail sector.

Urban Rail Transit Industry

Currently, China is the world's largest urban rail market. To date, National Development and Reform Commission (NDRC) has approved urban rail projects in 36 cities, with plans for around 5,800 kilometers. Beijing, Shanghai, Guangzhou, and Shenzhen share 70% of the built urban rail transit mileage in China. By 2015, 37 cities in China will have metro/light rail and the total operating mileage of metro/light rail in China will exceed 3,000 KM. The total investment on the urban rail sector will be around RMB 1 trillion. The largest OEM in China for the urban rail sector is China Southern Rolling Stock (CSR), occupying 54% of the market in 2013. The second largest OEM is China Northern Rolling Stock (CNR). Opportunities exist for American companies as the suppliers to CSR and CNR.

Sub-Sector Best Prospects

[Return to top](#)

Rail Industry technology and equipment:

1. Rail safety
2. High speed Electric Multiple Unit
3. Communication, signaling, and IT systems
4. Track maintenance for high speed rail
5. Traction power supply in high speed rail
6. Passenger station design and construction
7. Heavy haul transport
8. High-altitude rail
9. Energy conservation and environmental protection

Metro industry technology and equipment:

10. Urban rail vehicles
11. Communication and signaling
12. Power supply and distribution
13. Electromechanical systems
14. Safety supporting
15. IT system
16. Intelligent AFC
17. Engineering and construction, survey, and design
18. Earthquake disaster prevention

Opportunities

[Return to top](#)

Railway Industry Opportunities

The investment scale of the new railway line during 12th Five Year Plan (12FYP) from 2011-2015 should reach 30,000 kilometers. By the final phase of the 12FYP, the total

railway operating mileage is planned to increase from the current 100,000 kilometers to around 120,000 kilometers. 60% of lines will be electrified, while 50% will be double-track lines. The high speed railway will reach 16,000 kilometers. Railways in western China area could reach 50,000 kilometers. The number of new and renovated railway stations will reach a total of 1,015. At the same time, there will be a large number of advanced technical equipment put into use.

During the 12FYP, the total railway investment is expected to reach RMB 2.8 trillion. Compared with railway new line investment during the 11FYP, new line investment during the 12FYP period is expected to increase by 88%, with total investment to increase 41%.

It is estimated that by 2020, an additional RMB 2 trillion will be invested, of which RMB 600 billion will be for development of infrastructure related to passenger-dedicated lines, the coal corridor, lines in western China, and inter-regional connections. China's total rail network will exceed 120,000 kilometers in length, possibly reaching 150,000 kilometers, and 17,000 kilometers of rail will accommodate double-decker trains.

Urban Rail (Metro) Industry Opportunities

By 2015, there will be around 158 urban rail lines in total. By 2020, China is expected to have 7,000 kilometers of urban rail lines.

Example of Metro Projects in Key Cities:

City	Current Metro Lines	Current Metro Mileage (KM)	2020 Planned Metro Lines	2020 Planned Metro Lines (KM)
Shanghai	9	250	20	887
Beijing	8	200	19	700
Guangzhou	7	190	19	570
Shenzhen	4	80	16	585
Tianjin	2	70	14	470

American Rail Working Group (ARWG)

The U.S. Embassy Commercial Section in Beijing launched an American Rail Working Group (ARWG) in January 2009 to strengthen public-private cooperation in the rail sector. The ARWG features 30 U.S. company members and benefits from close relationships with the Chinese Ministry of Railway, U.S. Department of Transportation, Federal Rail Administration, U.S. Trade and Development Agency, U.S. State Department and the U.S. Export-Import Bank. The group meets regularly in Beijing as well as via conference call. New company members are welcome to join. For ARWG membership enquiries, please contact the U.S. Embassy Commercial Section in Beijing by email: aiqun.peng@trade.gov

Major Shows/Exhibitions:

China Modern Railways 2014

Host: China Railway Corporation

Organizer: China Academy of Railway Science

Show dates: October 28 – 31, 2014

Show venue: Beijing International Exhibition Center
<http://www.modernrailways.com.cn/>

Web Resources

[Return to top](#)

National Railway Administration (NRA)
<http://www.nra.gov.cn>

China Railway Corporation (C.R.)
<http://www.china-railway.com.cn/>

Contacts

U.S. Embassy in Beijing

Ida Peng, Senior Commercial Specialist
 (86 10) 8531 3947
Aiqun.Peng@trade.gov

Agricultural Sectors

[Return to top](#)

Overview

The United States Department of Agriculture, through the Foreign Agricultural Service (FAS), operates six offices in the People's Republic of China for the purpose of expanding exports of U.S. agriculture, fishery, and forestry products. U.S. agricultural, fishery, and forestry exports to China from January to December 2013 reached a new high of \$29.4 billion, up 3 percent from 2012. China is the largest U.S. overseas market for agriculture, fish, and forestry exports. Although exports have traditionally been dominated by soybeans (\$13.4 billion) and cotton (\$2.2 billion), declining exports of these products in 2013 were more than offset by a boom in exports of higher value products, most notably distiller's dried grains with solubles (DDGS - an animal feed) (\$1.4 billion) and dairy products (\$706 million).

These figures underline a shift in Chinese agricultural imports away from products for processing and re-export, to finished products for consumption at home. Overall imports of U.S. consumer-oriented food products increased by 15% in 2013, to end at over \$3 billion. Even stronger export growth was seen for inputs into China's burgeoning animal husbandry sector. In addition to DDGS, exports of alfalfa hay jumped 66% to hit \$234 million, and 2013 saw the U.S.' first commercial exports of sorghum to China.

Key consumer trends over the past year have highlighted, in addition to growth in animal husbandry, consumer food safety concerns, and e-commerce. The former has been a driving factor for imports, which are seen as being more heavily inspected and generally safer than local products. The impact has been particularly strong for dairy products, especially those for children, and food ingredients for Chinese manufacturers seeking to avoid problems with locally sourced ingredients.

E-commerce was the other major trend for food imports, as growth rates for e-commerce far exceeded those for any other sales format. This is also being affected by consumer

concerns over food safety: in general, e-commerce products are seen as more authentic and safer than those purchased through traditional stores. Logistics for e-commerce matured, with products as delicate as fresh cherries from the U.S. and live seafood being promoted and shipped through these channels quite successfully.

Due to the changing regulatory environment in China, U.S. exporters are advised to carefully check import regulations. Individuals and enterprises interested in exporting U.S. agriculture, fishery, and forestry commodities to China should contact the FAS offices (listed below) as well as USDA Cooperator organizations. Exporters of U.S. agricultural commodities should also review the FAS website (<http://www.fas.usda.gov>), which features general information about trade shows and other promotional venues to showcase agricultural products, FAS-sponsored promotional efforts, export financing and assistance, and a directory of registered suppliers and buyers of agricultural, fishery, and forestry goods in the United States and abroad.

The Animal Plant Health Inspection Service also operates an office in Beijing.

Best Prospects

Animal Feed
Hides and Skins
Dairy Products
Fish and Fish Products
Processed Food Products
Tree Nuts
Soybeans
Fresh Fruit
Wood and Wood Products

Offices

Agricultural Affairs Office
AgBeijing@usda.gov

Agricultural Trade Office - Beijing
ATOBeijing@usda.gov

Agricultural Trade Office - Guangzhou
ATOGuangzhou@usda.gov

Agricultural Trade Office - Shanghai
ATOShanghai@usda.gov

Agricultural Trade Office - Chengdu
ATOChengdu@usda.gov

Agricultural Trade Office - Shenyang
ATOShenyang@usda.gov

Animal and Plant Health Inspection Service
Elia.P.Vanechanos@aphis.usda.gov

Annual GAIN Reports

FAS publishes a wide range of reports on agriculture, agricultural markets and market access issues and regulations, including over 230 reports in 2010. These reports are available on the FAS webpage at: <http://gain.fas.usda.gov/Pages/Default.aspx>.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

A comprehensive guide to China's customs regulations is the Customs Clearance Handbook (2014), compiled by the General Administration of Customs (China Customs). This guide contains the tariff schedule and national customs rules and regulations, and can be purchased at bookshops in China or ordered from the following:

China Customs Press Online Bookstore
<http://www.haiguanbook.com/shop/>
1st Floor, East Wing,
General Administration of Customs of PRC,
No. 6, Jianguomen Nei Street,
Dongcheng District, Beijing, China
Phone: (86 10) 6519-5616
Fax: (86 10) 6519-5127
E-mail: bjjyssd@sina.com
<http://english.customs.gov.cn>

Tariff Rates

China Customs assesses and collects tariffs. Import tariff rates are divided into six categories: general rates, most-favored-nation (MFN) rates, agreement rates, preferential rates, tariff rate quota rates, and provisional rates. As a member of the WTO, imports from the United States are assessed at the MFN rate. The five Special Economic Zones, open cities, and foreign trade zones within cities offer preferential duty reductions or exemptions. Companies doing business in these areas should consult the relevant regulations.

China may apply tariff rates significantly lower than the published MFN rate in the case of goods that the government has identified as necessary to the development of a key

industry. For example, China's Customs Administration has occasionally announced preferential tariff rates for items in the automobile industry, steel, and chemical products.

Customs Valuation

The dutiable value of an imported good is its Cost, Insurance, and Freight (CIF) price, which includes the normal transaction price of the good, plus the cost of packing, freight, insurance, and seller's commission. According to Customs Order 954, the "Administrative Regulation on Examination and Determination of the Dutiable Value of Imported and Exported Goods," China Customs is tasked with assessing a fair valuation to all imports.

To assess a value, all China Customs officers have access to a valuation database that lists appropriate valuations for various imports, based on international market prices, foreign market prices, and domestic prices. China Customs officers check the price reported by the importer against this database. Normally, China Customs officers will accept the importer's price. However, if the reported value is too far out of line with the database, the China Customs officer will estimate the value of the goods based on methods listed in Article 7 of the PRC Administrative Regulations. For agricultural products, China Customs information frequently does not reflect seasonal changes in pricing or the effects of quality/grade on pricing. As a general rule, China Customs will charge against the highest price reflected in their database. The Foreign Agricultural Service is working with China Customs to improve their understanding of agricultural products pricing.

Taxes

On top of normal tariff duties, both foreign and domestic enterprises are required to pay value-added taxes (VAT) and business taxes. VAT is assessed on sales and importation of goods and processing, repairs, and replacement services. Business taxes are assessed on providers of services, the transfer of intangible assets, and/or the sales of immovable properties within China. VAT is assessed after the tariff, and incorporates the value of the tariff. China is bound by WTO rules to offer identical tax treatment for domestic and imported products. VAT is collected regularly on imports at the border. Importers note that their domestic competitors often fail to pay taxes. VAT rebates up to 17 percent (a full rebate) are available for certain exports. The Chinese Government frequently adjusts VAT rebate levels to fulfill industrial policy goals. Exporters complain that it takes months to obtain the rebates and amounts are often miscalculated. Also, rebates are limited by the local budgets, and coastal provincial authorities often run out of funds for rebates well before the end of the year. The applicable rebate method varies according to the date the enterprise was established.

The U.S. signed a tax treaty with China that took effect on January 1, 1987 (United States - The People's Republic of China Income Tax Convention). It provides certain benefits and allows for the avoidance of double taxation, but in order to enjoy the benefits provided by the tax treaty, non-residents (enterprises and individuals) must register with their local tax authorities in accordance with Circular 124. Furthermore, in March 2007, the National People's Congress passed a unified Corporate Income Tax Law that eliminates many of the tax incentives that had typically been available to foreign invested manufacturers. The change, which took effect on January 1, 2008, introduced an overall 25 percent corporate income tax rate in lieu of a previous split

between domestic (33 percent) and foreign-invested enterprises (15 percent) rates. There will be a five-year grace period during which foreign invested enterprises (FIEs) will be grandfathered into the new tax rate. The law includes two exceptions to the 25 percent flat rate: one for qualified small-scale and thin profit companies, which will pay 20 percent, and another to encourage investment by high tech companies, which will pay 15 percent. Additional incentives are available for investments in resource and water conservation, environmental protection, and work safety. Preferential tax treatment for investments in agriculture, animal husbandry, fisheries, and infrastructure development continues to be applied.

FIEs will likely see narrower profits as a result of the tax changes. However, the law provides new incentives to enterprises with high-wage labor costs. Under the 2007 law, financial services, securities, consulting, and other high-wage professional services firms will be able to deduct all wage outlays from their taxable income, which had previously been limited to RMB 1,600 (\$252.8) per month, per employee.

Trade Barriers

[Return to top](#)

Following China's accession to the WTO in 2001, the Chinese Government took significant steps to revise its laws and regulations in a manner consistent with WTO obligations and strengthen its role in the global economy. Nevertheless, despite progress in many areas, significant barriers for U.S. companies still exist. The U.S. Government strives to address these barriers through bilateral dialogue and engagement, active export promotion, and enforcement of U.S. and international trade laws and obligations.

For more information on specific barriers, please see the U.S. Government's National Trade Estimate Report on Foreign Trade Barriers at:
<http://www.ustr.gov/sites/default/files/2013%20NTE%20China%20Final.pdf>.

A report on China's compliance with WTO rules since joining that organization is published by United States Trade Representative (USTR) and titled "2013 Report to Congress on China's WTO Compliance" (December 2013). This report can be accessed at: <http://www.ustr.gov/about-us/press-office/reports-and-publications/2012/report-to-congress-china-wto-compliance>.

Import Requirements and Documentation

[Return to top](#)

Normally, the Chinese importer (agent, distributor, joint-venture partner, or FIE) will gather the documents necessary for importing goods and provide them to Chinese Customs agents. Necessary documents vary by product but may include standard documents such as a bill of lading, invoice, shipping list, customs declaration, insurance policy, and sales contract as well as more specialized documents such as an import quota certificate for general commodities (where applicable), import license (where applicable), inspection certificate issued by the General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) or its local bureau (where applicable), and other safety or quality licenses.

U.S. Export Controls

[Return to top](#)

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively “items”) falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces antiboycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation, and strategic trade issues.

The EAR controls certain exports, reexports, or in-country transfers of purely commercial items and dual-use items. “Dual-use” refers to items that have both commercial and military applications. In addition, the EAR controls less sensitive military items as a result primarily of the President’s Export Control Reform Initiative. On October 15, 2013, BIS began administering controls on military items formerly under the jurisdiction of the Department of State that do not warrant control under the International Traffic in Arms Regulations (ITAR) (see below for further information on this change in jurisdiction as a result of the Export Control Reform Initiative). Additional information on export controls and BIS, including the EAR, can be found online at www.bis.doc.gov.

Items subject to the EAR may require a license prior to export or reexport. BIS’s Export Administration reviews license applications for exports, reexports, and deemed exports/reexports (technology transfers to foreign nationals in/outside of the United States) subject to the EAR. Through its Office of Exporter Services, Export Administration also provides information on BIS programs, conducts seminars on complying with the EAR, provides guidance on licensing requirements and procedures, and presents an annual Update Conference on Export Controls and Policy as an outreach program to industry. BIS’s Export Enforcement is staffed with federal law enforcement agents who investigate illegal exports of items subject to the EAR and enforcement analysts who analyze intelligence and other information to assess the bona fides of parties and evaluate export transactions in support of investigations. BIS also posts Export Control Officers in Beijing, Hong Kong, New Delhi, Moscow, Singapore, and Dubai to conduct end-use checks.

Under the EAR, a license is required to export or reexport certain controlled items to end-users in China. In some cases, an end-use check, which can take the form of either a Pre-license Check (PLC) or Post-shipment Verification (PSV), is also required. U.S. exporters are required to obtain an End-User/End-Use Statement from China’s Ministry of Commerce (MOFCOM) for licensed transactions valued over \$50,000 as part of the license application process. In certain circumstances, an End-user/End-Use Statement may be required for transactions of a lower dollar value.

In June 2007, BIS published a regulation introducing changes to export control policy towards China, known as the “China Rule.” This regulation states that the United States seeks to facilitate exports to legitimate civilian end-users in China, while preventing exports that would enhance China’s military capability. The China Rule also established a new Validated End-User (VEU) program, which allows qualified end-users who have an established track record of engaging in only civil activities to receive exports of

specified items without individual licenses. Changes to the VEU program, including additions and deletions of VEU-authorized companies, are published in the *Federal Register*. Application for the VEU program is voluntary and can be made by an end-user in China or by a U.S. exporter on behalf of a customer in China. Interested companies can apply by submitting a request for an advisory opinion to BIS.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their goods to China. If necessary, a commodity classification may be submitted in order to determine how an item is controlled (i.e., the classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Exporters are also urged to check lists identifying specific end-users (persons, companies and entities) that are under U.S. Government sanctions or for whom export licenses or other authorization may be required. Information on these lists, which include the Entity List, Denied Persons List, Unverified List, Specially Designated Nationals List, and Debarred List, is available on the BIS website at <http://www.bis.doc.gov/complianceandenforcement/liststocheck.htm>. A consolidation of all U.S. Government sanctions lists can be found at http://export.gov/ecr/eg_main_023148.asp. U.S. exporters who engage in transactions with listed parties may themselves become subject to administrative and/or criminal penalties.

Additional information about U.S. export controls administered by BIS may be obtained from the BIS Export Control Officer at the U.S. Commercial Service, U.S. Embassy Beijing, Tel: (86)(10) 8531-3301/4484 or Fax: (86)(10) 8529-6558.

Select Legislation, Executive Orders, or Regulatory Actions Impacting Exports or Reexports to China:

In 1990 the U.S. Congress passed P.L. 101-246, commonly referred to as the "Tiananmen Square Sanctions", which restrict the export and reexport of crime control and crime detection equipment and instruments listed in the EAR to China. The Tiananmen Square Sanctions also prohibit the export to China of defense articles and defense services subject to the ITAR. These restrictions apply regardless of the end-user in China.

In 1999, the U.S. Congress passed P.L. 105-261, which permits the export to China of missile-related equipment or technology only if the President first certifies to Congress that the specific proposed export is not detrimental to the United States space launch industry and the equipment or technology to be exported, including any indirect technical benefit, will not measurably improve China's missile or space launch capabilities.

On June 28, 2005, President Bush signed Executive Order 13382, which amended Executive Order 12938 by providing sanctions against entities that finance and support

proliferation activities. Chinese entities have been sanctioned under this Executive Order, as well as under the Iran Nonproliferation Act of 2000 (P.L. 106-178), Iran-Iraq Arms Nonproliferation Act of 1992 (P.L. 102-484), and Executive Order 12938, as amended by Executive Orders 13094, 13128, and 13382. Additional information on these sanctions can be found on the State Department website at <http://www.state.gov/t/isn/c15231.htm>.

On October 15, 2013, less sensitive military items related to aircraft and gas turbine engines, which were previously subject to the ITAR, became subject to the EAR as part of the Export Control Reform Initiative. On January 6, 2014, less sensitive military items related to vehicles, vessels, submersibles, and materials, which were previously subject to the ITAR, became subject to the EAR. On July 1, 2014, less sensitive military items related to launch vehicles, energetic materials, training equipment, and personal protective equipment will move from the ITAR to the EAR. The final rules implementing these changes were published on April 16, 2013 (78 Fed. Reg. 22660 and 78 Fed. Reg. 22740), July 8, 2013 (78 Fed. Reg. 40892 and 78 Fed. Reg. 40922), and January 2, 2014 (79 Fed. Reg. 264 and 79 Fed. Reg. 34), respectively. Future final rules will be published on a rolling basis and transfer additional items from the ITAR to the EAR. While such items will no longer be ITAR defense articles, they will continue to require a license to China and thus maintain the prior licensing requirements of the ITAR. Additional information on the Export Control Reform Initiative can be found at www.export.gov/ecr.

Related Controls:

Other U.S. agencies regulate exports of more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls administers U.S. export controls covering defense articles and defense services that appear on the U.S. Munitions List under the ITAR. Information on U.S. Department of State export licensing procedures, the ITAR, and the Arms Export Control Act can be found at <http://www.pmdtc.state.gov/> or at Tel: (202) 663-1282.

The point of contact for U.S. Department of State licensing issues at the U.S. Embassy Beijing is the Economic Section, Tel: (86) (10) 8531-3000, Fax: (86) (10) 8531-4949.

Temporary Entry

[Return to top](#)

1. Trade Shows & Exhibitions

Participants of trade shows and exhibitions can come into China on tourist visas and travel in-country. Notebook computers, cameras and portable printers can be brought into China as personal belongings. Business firms seeking to bring in exhibits and items for display should consult with customs authorities or the show organizers for regulation on the procedures and to obtain copies of appropriate forms.

2. Temporary Entry

Goods imported in China for display or demonstration at trade shows and exhibitions are exempt from customs duty, provided they are re-exported within six months. The time for re-export may be extended with China Customs approval. The exhibition organizer must obtain advance approval from China Customs, provide certain shipping documents and

a list of items to be exhibited, and coordinate with China Customs officials. China Customs may sometimes request a guarantee in the form of a deposit or letter.

A local sponsor with authority to engage in foreign trade may sponsor small exhibitions or technical seminars, requiring less than 1,000 square meters in exhibition space. Customs will handle the tariff exemption formalities based upon a guarantee of re-export that is signed between the sponsor and the foreign party.

Food and beverage exhibition "not-for-sale" sample-entry rules are frequently not acknowledged by Chinese authorities. Under the current system, such samples are officially subject not only to fully tariff and taxes, but product and labeling registration requirements. Trade show organizers may be able to obtain exceptions, however these are largely of a one-off nature. It may also be possible to obtain exceptions to registration and labeling regulations at a given port by working through the local ATO office. However, such arrangements require substantial lead times and cannot be guaranteed.

Some exhibits or samples imported under the temporary not-for-sale regulations may be sold after the trade event is completed, in which case the duties owed on these items are levied by Customs.

According to the Corporation for International Business, the ATA Carnet Issuing authority in China no longer requires a cover letter along with the carnet presented to Chinese customs inspectors. The CIB is an ATA Carnet Service Provider of the U.S. Council for International Business (USCIB), New York City. USCIB is the Guaranteeing and Issuing Association for the ATA Carnet in the United States, under appointment of the U.S. Bureau of Customs and Border Protection. Interested firms can contact the CIB by sending an e-mail to carnets@atacarnet.com or by calling the CIB Carnet hotline (800 ATA-2900).

Companies are advised that freight forwarders will help to prepare a declaration form and Chinese Customs requests the model and serial numbers for high-value exhibits. Requirements may differ for types of products to be imported. In addition, fumigation is required for all wooden packing materials, in accordance with IPPC standards, and must bear the IPPC symbol.

3. Importing Commercial Samples into Beijing, China

Import commercial samples are those articles imported specifically for the purpose of placing an order.

Related Regulations:

Even if items can enter free of charge, it should be declared by the consignee or agent that registered in Customs.

Imported commercial samples subject to import controls should only be imported with licenses. It is recommended to consult with Customs at the destination before samples are sent from the origin country.

Imported commercial samples with no commercial value should be imported duty and VAT free, while all the other imported commercial samples are subject to duty and VAT.

Imported commercial samples that belong to companies that have not registered with Customs need to apply for temporary registration to Customs. It is recommended to consult the destination before samples are sent from the origin country.

Notifications:

If the commercial sample is made of any dangerous materials, it is recommended to send them directly to the final destination, and carriers and the final destination should be consulted prior to the samples being sent from the origin.

The normal operation for customs clearance in Beijing takes three days. Never consign commercial samples to an individuals' name or hotel address. It is highly recommended to check on the China Customs Regulations before sending samples.

4. Passenger Baggage

Reasonable quantities of items for personal use by short-term visitors may be imported duty-free. An individual is allowed to carry under \$6,000 worth of foreign currency without having to declare it to Chinese Customs upon arrival.

5. Advertising Materials and Trade Samples

The General Administration of China Customs released a new regulation that went into effect on July 1, 2010. The objective is to further monitor import and export of samples and advertising articles into China. The regulation stipulates the following:

Removal of duty-free value limit of RMB 400. As a result, all shipments containing samples and advertising articles will be taxed according to their respective commodity HS codes. Exemption of Taxes now only applies to shipments fulfilling the following criteria.

- a) Shipments with import tax less than RMB 50; and/or
- b) Shipments with no business value, to be applied by shippers from Monday to Friday (domestic overseas), that pass strict physical inspection by China Customs.
- c) Only those parties who have registered with China Customs can declare shipments (*i.e.* China shipper, China consignee, and agent).

The following samples, regardless of value are dutiable: motor vehicles, bicycles, watches, televisions, recorders, radios, electric gramophones, cameras, refrigerators, sewing machines, photocopiers, air conditioners, electric fans, vacuum cleaners, acoustic equipment, video recording equipment, video cameras, amplifiers, projectors, calculators, electronic microscopes, electronic color analyzers and their major parts. In these cases, the shipper should not only use the word "sample" on the Air Waybill and Commercial Invoice, but also include a detailed description of the commodity. For more information contact the Customs General Administration of the People's Republic of China at: www.customs.gov.cn.

6. Representative Offices' Personal Effects and Vehicles

Representative offices must submit a written application to Customs if they intend to import any personal effects or vehicles. Approval by Customs waives any relevant import license requirements and allows the office to import the equipment in reasonable amounts for office-use only.

7. Processing Materials and Parts

Raw materials, components, spare parts, auxiliary materials, and packaging materials imported by FIEs for the production of goods which will be re-exported are exempt from customs duty and VAT. The materials and components must be processed into products and exported within one year from the date of importation. In special circumstances, an FIE can apply to extend the date of export to a total time no longer than two years from the date of importation. Bonded warehouses may be established within the FIE and are subject to supervision by Customs.

8. Warehouses

Goods that are allowed to be stored at a bonded warehouse for up to one or two years are limited to: materials and components to be used for domestic processing subject to re-exportation; goods imported under special Customs approval on terms of suspending the payment of import duties and VAT; goods in transit; spare parts for free maintenance of foreign products within the period of warranty; and fuel for aircraft and ships.

At the end of the two-year period, the goods must be imported for processing and re-exported, licensed for import, or disposed of by Customs. Customs duties and VAT may be assessed depending upon the degree of processing done in China. Goods imported under normal import contracts are not allowed to be stored in bonded warehouses.

Labeling and Marking Requirements

[Return to top](#)

Based on the Food Safety Law which went into effect June 1, 2009, imported pre-packed food shall have labels and instructions in Chinese. The labels and instructions shall conform to this law, other relevant laws, administrative regulations and national food safety standards of China, and state the place of origin as well as the name, address and contact information of the domestic agent.

As noted in the Product and Certification section above, products requiring the CCC mark, in addition to undergoing an application and testing process, must have the mark physically applied on products before entering or being sold in China.

Labeling and marking requirements are mostly made by different industry authorities. However, all products sold in China must be marked in the Chinese language. The State Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) requires imported and exported (but not domestic) food items such as candy, wine, nuts, canned food, and cheese to have labels verified and products tested for quality before a good can be imported or exported. According to the Food Labeling Standards of China (GB7718-2011), imported foods shall have clear markings that indicate the country of origin, in addition to the name and address of the general distributor registered in the country.

Prohibited and Restricted Imports

[Return to top](#)

The following items are prohibited from entering China: arms, ammunition, and explosives of all kinds; counterfeit currencies and counterfeit negotiable securities; printed matter, magnetic media, films, or photographs which are deemed to be detrimental to the political, economic, cultural and moral interests of China; lethal poisons; illicit drugs; disease-carrying animals and plants; foods, medicines, and other articles coming from disease-stricken areas; old/used garments; and local currency (RMB). Food items containing certain food colorings and additives deemed harmful to human health by the Ministry of Health are also barred entry.

In addition, rules went into effect in June 1999 which further restrict or prohibit the importation of certain commodities related to the processing trade. The "[Catalogue of Commodities Which are Restricted or Prohibited from Importing for Use in the Processing Trade](#)" is designed to shift the direction of China's processing trade toward handling commodities with higher technological content and greater value-added potential. The catalogue identifies the following "prohibited commodities": used garments; used publications with licentious content; radioactive or harmful industrial waste; junk cars, used automobiles or components; seeds, seedlings, fertilizers, feed, additives, or antibiotics used in the cultivation or breeding of any export commodity. The catalogue lists seven general types of "restricted commodities": raw materials for plastics, polyester sections, raw materials for chemical fibers, cotton, cotton yarn, cotton cloth, and some steel products. This list was updated yearly beginning in 1999, with the last one published in 2010:

(<http://cys.mofcom.gov.cn/aarticle/al/201009/20100907166511.html>)

However, these reports only show updates and do not reflect the final list. U.S. firms should contact the China General Administration of Customs for guidance regarding the import of any of these products. (See below for contact information)

All wood packages should carry an IPPC mark, or it will be subject to further requirements. The latest rule is called the Measures for the Administration of Quarantine and Supervision of Wooden Packages of Imported Goods, promulgated by AQSIQ, effective from January 1, 2006.

Scrap: In 2007, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) published a "Notice Regarding Renewal Procedures for the License and Registration of Overseas Enterprises of Imported Scrap Materials," an English version of which can be found on their [website](#). All written application materials should be marked "Renewal Application Materials for Registration of Overseas Supplier Enterprise for Scrap Materials" and mailed to:

Division of Inspection & Supervision,
General Administration of Quality Supervision, Inspection & Quarantine of the P.R. of China (AQSIQ)
No. 9, MaDian East Road, Haidian District, Beijing 100088, China
Telephone for Enquiry: (86 10) 8226-0092.

Customs Regulations and Contact Information

[Return to top](#)

China General Administration of Customs
<http://english.customs.gov.cn/default.aspx>

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

The Standardization Administration of China (SAC) is the central accrediting body for all activity related to developing and promulgating national standards in China. The China National Certification and Accreditation Administration (CNCA) coordinates compulsory certification and testing, including the China Compulsory Certification (CCC) system. Both SAC and CNCA are administratively under the General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ).

Standards in China fall into at least one of four broad categories: national standards, industry standards, local or regional standards, and enterprise standards for individual companies. National standards can be either mandatory (technical regulations) or voluntary. In any case, they take precedence over all other types of standards.

In general, exporters to China should be aware of three broad regulatory requirements in the standards and testing area. First, SAC maintains more than 27,000 national standards (known as GB standards, or *guobiao* in Chinese), of which slightly less than 13 percent are mandatory. It is also important to note that laws and regulations can reference voluntary standards, thereby making the voluntary standard, in effect, mandatory. Second, for products in 23 categories that include some 254 items and 489 HS codes, such as certain electrical products, information technology products, consumer appliances, fire safety equipment and auto parts, CNCA requires that a safety and quality certification mark, the CCC mark, be obtained by a manufacturer before selling in or importing to China. Please refer to the Commodity List of Products Requiring the China Compulsory Certification for more information at: <http://www.shciq.gov.cn/templates/detail.jsp?id=9577>. Third, numerous government agencies in China mandate industry-specific standards or testing requirements for products under their jurisdiction, in addition to the GB standards and the CCC mark described above. This often leads to onerous duplicative testing requirements.

Standards Organizations

[Return to top](#)

Technical Committees (TC) developing national or GB standards must be accredited by SAC. These TCs are comprised of members from government agencies, private industry associations, companies (sometimes local branches of foreign companies but often with limited voting rights), and academia.

Other government agencies, such as the National Development and Reform Commission (NDRC), and the Ministry of Industry and Information Technology (MIIT), can approve and promulgate technical regulations that may reference voluntary standards, rendering them mandatory.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

CNCA is the primary government agency responsible for supervision of China's conformity assessment policies, including its primary safety and quality mark, the CCC mark. CNCA supervises the work of the China National Accreditation Service for Conformity Assessment (CNAS), which accredits certification bodies and laboratory and inspection facilities.

Product Certification

[Return to top](#)

The China Compulsory Certification (CCC) mark is China's national safety and quality mark. The mark is required for 20 categories including 149 products, ranging from electrical fuses to toaster ovens to automobile parts to information technology equipment. About 20 percent of U.S. exports to China are on the product list. If an exporter's product is on the CCC mark list, it cannot enter China until CCC registration has been obtained, and the mark physically applied to individual products as an imprint or label. Similarly, domestic products cannot be sold in China without obtaining registration and applying the mark on individual products. The CCC mark system is administered by CNCA. (Note: as of May 3, 2013, 2 categories of medical devices, including 8 products, were removed from the catalog, CNCA 2012 No. 30 Notice)

Obtaining the CCC Mark involves an application process to authorized Chinese certification bodies. At present, no foreign testing labs or other entities have been certified to participate in this process. The application process can take several months, and can cost upward from \$4,500 in fees, in addition to the travel costs of the inspectors. The process includes sending testing samples to a Chinese laboratory and testing in those labs to ensure the products meet safety and/or electrical standards. A factory inspection of the applicant's factories, to determine whether the product line matches the samples tested in China, is also required. Finally, Chinese testing authorities approve the design and application of the CCC logo on the applicant's products. Some companies, especially those with a presence in China and with a dedicated

Accreditation

[Return to top](#)

The China National Accreditation Service for Conformity Assessment (CNAS) is the national accreditation body of China solely responsible for the accreditation of

certification bodies, laboratories and inspection bodies, which is established under the approval of the Certification and Accreditation Administration of China (CNCA) and authorized by CNCA in accordance with the Regulations of the People's Republic of China on Certification and Accreditation. Accredited bodies list can be found on the CNAS website: <http://eng.cnas.org.cn/col712/index.htm1?colid=712>. The U.S. government is currently negotiating with China for them to open up this market to foreign testing bodies. If this occurs, it will make the CCC process much less cumbersome and less expensive.

Publication of Technical Regulations

[Return to top](#)

China is obligated to notify other World Trade Organization members of proposed technical regulations that would significantly affect trade. Notifications are made through the Technical Barriers to Trade (TBT) committee notification point. All members, including China, are required to allow for a reasonable amount of time for comments to proposed technical regulations (i.e., compulsory standards). However, China often only gives a few weeks, as opposed to the standard of 30 to 60 days practiced by other nations.

Labeling and Marking

[Return to top](#)

Based on the Food Safety Law which went into effect June 1, 2009, imported pre-packed food shall have labels and instructions in Chinese. The labels and instructions shall conform to this law, other relevant laws, administrative regulations and national food safety standards of China, and state the place of origin as well as the name, address and contact information of the domestic agent.

As noted in the Product and Certification Section above, products requiring the CCC mark, in addition to undergoing an application and testing process, must have the mark physically applied on products before entering or being sold in China.

Labeling and marking requirements are mostly made by different industry authorities. However, all products sold in China must be marked in the Chinese language. The State Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) requires imported and exported (but not domestic) food items such as candy, wine, nuts, canned food, and cheese to have labels verified and products tested for quality before a good can be imported or exported. According to the Food Labeling Standards of China, imported foods shall have clear markings that indicate the country of origin, in addition to the name and address of the general distributor registered in the country.

Web Resources for Standards

[Return to top](#)

For a comprehensive list of accredited technical committees in China:
Link in Chinese: <http://new.sac.gov.cn/SACSearch/search?channelid=61613>

For a complete list of products required to obtain China Compulsory Certification:
Link in Chinese: <http://www.cnca.gov.cn/cnca/rdht/qzxcprz/default.shtml>
(up-to-date English link not available)

For free notifications of proposed technical regulations and standards:
www.nist.gov/notifyus

For free, weekly updates of standards activity in China, go to the Department of Commerce, International Trade Organization Standards web page:

<http://www.ita.doc.gov/td/standards/>

For information regarding rules of importation from AQSIQ, including a very useful map with links to local bureaus of entry-exit and quarantine:

<http://english.aqsiq.gov.cn/>

Contacts for Standards Issues

[Return to top](#)

Cathy Feig, Standards Officer

Tel: (86 10) 8531-4326

Cathy.Feig@trade.gov

Liting Bao, Commercial Specialist

Tel: (86 10) 8531-3889

Liting.Bao@trade.gov

Trade Agreements

[Return to top](#)

The Ministerial Declaration on Trade in Information Technology Products (ITA) was concluded by 29 participants at the Singapore Ministerial Conference in December 1996. The number of participants has grown to 70, representing about 97 per cent of world trade in information technology products. The ITA provides for participants to completely eliminate duties on IT products covered by the Agreement. Developing country participants have been granted extended periods for some products.

http://www.wto.org/english/tratop_e/inftec_e/inftec_e.htm

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

The 2014 Investment Climate Statement – China was prepared by the Department of State. It is located here:

<http://www.state.gov/e/eb/rls/othr/ics/2013/204621.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

In China's liberalized economic regime, there are many ways to finance imports. The most commonplace are letters of credit and documentary collections. No matter what method is used, the Chinese importer needs to apply for the foreign exchange amount for the trade transaction from the State Administration of Foreign Exchange (SAFE). Please see the section below on "Foreign-Exchange Controls" for more information.

1. Letters of Credit

A Letter of Credit (L/C) is a written undertaking that a bank is to pay the beneficiary an amount of money within a specified time, provided that the documents under the L/C are in compliance with the terms and conditions thereof which are presented.

China, as a member of the International Chamber of Commerce since 1995, is subject to the Unified Customs and Practice (UCP) 600 code that govern letters of credit.

Most Chinese commercial banks (e.g., Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of Communications, China Merchants Bank, and CITIC Bank, to name a few) have the authority to issue letters of credit for both imports and exports. Foreign banks with branch or representative offices in China can also issue letters of credit. Please refer to the following Chinese banks' website for details on how to apply for an L/C in China:
<http://english.cmbchina.com/Corporate/International/DetailInfo.aspx?guid=be024c3a-786c-4f63-a8f6-33d0a6923df6>
<http://www.icbc.com.cn/ICBC/Global%20Service/International%20Settlement/ImportLetterofCredit/>

2. Documentary Collections

This method of payment is similar to a letter of credit, but less formal and more flexible. Just as with letters of credit, the exporter submits a full set of trade documents for payment collection to the bank designated in the contract. The bank will send the documents to the home office, which examines them and, in some cases, passes them to the buyer for further examination. Payment is made after the documents have met the approval of all parties. This method of payment provides only limited coverage against default. It can be considerably less expensive than a letter of credit, but should be used

with caution. It is the responsibility of the exporter to determine the specific instructions to be used in the collection letter. Please refer to the Bank of China link below for further details on application qualifications and a flowchart of the process:

http://www.boc.cn/en/cbservice/cb3/cb33/200807/t20080702_1324085.html

3. Other Methods

a. Contract Advance (for wire remitted funds, also called T/T Finance):

It is a specially tailored service for transactions under open account contract wherein T/T payment terms are called for. Upon arrival of goods, the Chinese importer may apply for this service whereby a Chinese bank may advance the importer the payment to the exporter. The importers are to repay this advance after the goods are sold and the proceeds are received. Before applying for a contract advance, the importer needs to apply to the Chinese bank for a T/T Finance facility, which may be granted after assessment of the importer's financial status.

b. Import Factoring:

Import factoring is suitable for Open Account (O/A) import business. At the request of the supplier and in the light of a Chinese bank's internal appraisal of the importer's credit standing, the bank can offer the supplier a credit line, under which the bank will not only protect the export receivables assigned to the Chinese bank against the importer's credit risk, but also provide the importer with financial management services as well. The importer needs to select O/A as the payment term when negotiating with the supplier, and suggest the supplier to submit factoring application to a Chinese bank, i.e., the import factor, through the supplier's local export factor.

Upon receipt of the supplier's application, the import factor will notify the supplier of the credit line decision after comprehensive assessment of the importer's credit standing. The supplier will dispatch goods and assign the related export receivables to the import factor in accordance with the approved credit line. When the factored invoices come due, the import factor will remind the importer to effect payment.

How Does the Banking System Operate

[Return to top](#)

Banking System in China

Cooperation and competition co-exist between Chinese banks and foreign banks in China.

1. Regulatory Bodies: People's Bank of China (PBOC), State Administration of Foreign Exchange (SAFE) and China Banking Regulatory Commission (CBRC)

The People's Bank of China (PBOC) is China's central bank, which formulates and implements monetary policy. The PBOC maintains the banking sector's payment, clearing and settlement systems, and manages official foreign exchange and gold reserves.

The PBOC oversees and works with the State Administration of Foreign Exchange (SAFE) to set foreign-exchange policies. SAFE is the government agency that participates in drafting rules and regulations governing foreign exchange market activities, promotes the development of foreign exchange market, and provides the

PBOC with references for the formulation of exchange rate policy. They are also responsible for the managing sales on the foreign exchange market and facilitating payments.

China Banking Regulatory Commission (CBRC) was officially launched on April 28, 2003, to take over the supervisory role of the PBOC. The goal of the landmark reform is to improve the efficiency of bank supervision and to help the PBOC to further focus on the macro economy and currency policy.

2. The 'Big Five' Chinese Commercial Banks

The largest five state-owned banks in China, the Industrial and Commercial Bank of China (ICBC), the Bank of China (BOC), the China Construction Bank (CCB), the Agricultural Bank of China (ABC), and Bank of Communications (BOCOM) dominate the banking system and together account for well over half of all loans and deposits in China's banks. Several have become some of the largest banks in the world as valued by market capitalization. In terms of assets, Industrial and Commercial Bank of China (ICBC) is the world's largest bank, while China Construction Bank (CCB) and Agricultural Bank of China (ABC) come in at seventh and ninth place respectively. While the State, operating through the Ministry of Finance, continues to own a majority stake in each of these institutions.

These five banks all are publicly listed on Chinese stock markets and also on international bourses. The "Big Five" constitute the absolute majority of bank lending in China. Bank lending remains the most important financing vehicle in the country; equity finance and the corporate bond market remain small but are on the rise in recent years, while bank lending constitutes roughly 80 percent of total lending. The majority profits of a Chinese bank comes from the difference between the interest rate paid to depositors and the lending rate to the borrowers, which a generous spread is set by the central bank in order to protect the banks from fierce competition.

3. Policy Banks

Three "policy" banks-the Agricultural Development Bank of China (ADBC), the China Development Bank (CDB), and the Export-Import Bank of China (EXIM) - were established in 1994 to take over the government-directed spending functions of the four state-owned commercial banks (ICBC, CCB, BOC and ABC). These banks are responsible for financing economic and trade development and state-invested projects. CDB specializes in infrastructure financing; ADBC provides funds for agricultural development projects in rural areas, and EXIM specializes in trade financing. The policy banks like EXIM are able to provide preferential loans with very flexible payment schedules and far lower interest rates than any of the commercial banks. These banks are wholly-owned enterprises of the Chinese government and work closely with the Chinese State Council.

4. Second Tier Joint-Stock Commercial Banks

The second-tier joint-stock commercial banks include CITIC Bank, China Everbright Bank, Hua Xia Bank, China Minsheng Bank, Guangdong Development Bank, Shenzhen Development Bank, China Merchants Bank, Shanghai Pudong Development Bank, Industrial Bank, Evergrowing Bank, Zheshang Bank and the Bohai Bank. These banks

were formally wholly, state-owned enterprises but are now jointly owned by the government and outside entities (the government maintains majority ownership of the stock). Since 2010, the joint-stock commercial banks in China have witnessed remarkable improvement in asset quality, risk control, profitability and managerial system through constant reform and development.

5. City Commercial Banks

There are more than 150 city commercial banks in China, including the Bank of Shanghai, Bank of Beijing, Tianjin City Commercial Bank, Shenzhen City Commercial Bank, Guangzhou City Commercial Bank, Jinan City Commercial Bank, Hangzhou City Commercial Bank, Nanjing City Commercial Bank, Ningbo City Commercial Bank, Wuxi City Commercial Bank, Wuhan City Commercial Bank and Xian City Commercial Bank etc.

Chinese city commercial bank industry continued high-speed growth. By the end of 2012, the total assets of all Chinese city commercial banks amounted to RMB 12.35 trillion, with an increase of 23.7% from the previous year. At the end of 2012, many of these banks had assets of at least RMB 200 billion, with the Bank of Beijing's assets totaled at more than RMB 1 trillion.

6. Rural Commercial Banks and Rural Credit Cooperatives

Rural credit cooperatives, much closer to rural areas and farmers than any other banking institutions, have created a large number of financial products which met the needs of rural economy and gained popularity among farmers. In the past 60 years, rural credit cooperative workers have been dedicated to serving agriculture, rural areas, and farmers. Nearly 80,000 branches, with 800,000 workers in counties and rural areas, served 0.8 billion rural residents, provided almost 80 percent of rural household loans and provided 80 percent financial coverage of the under-banked villages and towns in China.

In early 2011, the CBRC selected first five Rural Commercial Banks, i.e., Beijing Rural Commercial Bank, Shanghai Rural Commercial Bank, Chongqing Rural Commercial Bank, Chengdu Rural Commercial Bank, Zhangjiagang Rural Commercial Bank, to carry out the implementation of Basel II pilot, which was created by the Basel Committee on Banking Supervision. In July 2011, CBRC issued a "Rural Banking Institutions on the Implementation of Basel II Guidance". The implementation of Basel-oriented comprehensive risk management system for rural commercial banks is aimed at narrowing their gap with the other commercial banks, and to enhance their management level and the core competitiveness and to achieve sustainable development.

Foreign-Exchange Controls

[Return to top](#)

China for years has maintained a "closed" capital account, meaning that companies, banks and individuals can't move money in or out of the country except in accordance with strict rules.

The People's Bank of China (PBOC) and State Administration of Foreign Exchange (SAFE) regulate the flow of foreign exchange in and out of the country, and set exchange rates through a "managed float" system.

PBOC is the central bank of People's Republic of China with the power and authority to regulate financial institutions in the country as a means to control monetary policy. SAFE is the administrative agency tasked with proposing regulations governing the foreign exchange market activities as well as managing state foreign exchange reserves (approximately \$3.9 trillion).

On January 24, 2014, a circular by SAFE was promulgated to improve and ease administrative control over capital account foreign exchange items which means the approval procedure for profit repatriation will be simplified and the bank review of transaction documents for remittance under \$50,000 will be eliminated. For remittance of profit over \$50,000, banks in principle do not need to review the audit report and capital verification report; however, they will still check the board resolution on profit distribution and the original tax record-filing documents to verify the authenticity of the transaction.

On July 9, 2013 both the State Administration of Taxation and SAFE announced the "issues concerning the Tax Record-Filing for External Payment under Service Trade" tax policies reform plan for external payments:

1. Elimination of tax certificate for making external payments: and
2. Implementing a tax record-filing system for external payments, meaning individuals and entities can make external payments as long as the relevant tax record-filing procedures have been completed.

Institutions and individuals making outbound payments of value equivalent to or more than \$50,000 are required to conduct record filing with the local offices of the State Tax Bureau (STB).

Foreign Exchange Controls were informally suspended in 2008 during the financial crisis, but was reinstated June 18, 2010. Since then, the RMB has appreciated slightly against the dollar. The PBOC authorized SAFE to regulate the inter-bank foreign exchange spot and forward markets.

Starting from October 1, 2008, companies must report any overseas payment with a payment term over 90 days from the date shown on the import declaration form to SAFE—no matter the amount—or they will not be allowed to arrange the overseas payment. The accumulated reported overpayment amount in one calendar year can't exceed 10 percent of total importation amount of the last year.

On October 30, 2008, SAFE published a notice stipulating that from November 15, 2008, when an enterprise enters into a contract that contains a clause for the pre-payment for purchases, the enterprise must register (with SAFE) the contract within 15 working days after the contract is signed. The enterprise also must register the foreign exchange repayment within 15 days before the remittance. If the contract does not contain a pre-payment clause but a foreign exchange repayment is nevertheless required, the enterprise must register the contract and the foreign exchange prepayment within 15 working days before the remittance. As to the amount of the pre-payment, in principle, the enterprise pre-payment quota cannot exceed 10 percent of the total payment the enterprise has made for importation in the past 12 months. However, enterprises handling large, complete sets of equipment are exempt.

In April 2006, the PBOC made the following announcement regarding the partial adjustment of foreign exchange management policies to facilitate trade and investment:

1. In the case that enterprises open, change, or close foreign exchange accounts used for current account transactions, the administration mode is changed from being based on prior approval to direct processing of the applications by banks in accordance with foreign exchange management requirements and business practices while at the same time filing with SAFE. In addition, the foreign exchange account limits for current account transactions increased, and enterprises are allowed to purchase foreign exchange in advance to support authentic trade payments.
2. Documents required for sale and purchase of foreign exchange in the service trade are simplified with the examination and approval procedures relaxed.
3. Procedures related to sale of foreign exchange to resident individuals have been further trimmed and the limits on purchase of foreign exchange have been increased. Within such a quota, individuals can purchase foreign exchange from banks by presenting their identity documents and declaring the usage of foreign exchange; banks can sell foreign exchange exceeding the quota to individuals after verifying relevant documents to satisfy their real needs.
4. Expanding domestic banks' overseas foreign exchange investment services on behalf of their clients: Qualified banks are allowed to collect RMB funds of domestic institutions and individuals and convert into foreign exchange under a specified limit to invest in overseas fixed income products.
5. Qualified securities brokers such as fund management companies are allowed to collect self-owned foreign exchange of domestic institutions and individuals and use the funds for overseas portfolio investment including buying stocks.
6. Further expanding overseas securities investment by insurance institutions: Qualified insurance institutions are allowed to purchase foreign exchange for the purpose of investing in overseas fixed-income products and money market instruments. The amount of foreign exchange purchases is subject to a limit proportional to the total asset of an insurance institution.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

At present, the scope of business and regulatory standards for foreign banks registered in China is consistent with that for the Chinese banks. A foreign bank registered in China can operate the foreign exchange and RMB business to enterprises and individuals, and comply with the same requirements as for a Chinese bank in terms of capital adequacy, credit concentration limits, savings and loan ratio, liquidity and other prudential provisions.

The top five locally incorporated foreign banks' assets all exceed of RMB100 billion, which reach the level of national joint-stock commercial banks. To become a locally incorporated bank in China, a foreign bank needs to apply to the Chinese Banking Regulatory Commission, as well as gain approval from SAFE to bring working capital onshore. The process of doing so is frequently lengthy.

By the end of 2012, banks from 49 countries and regions set up 42 locally incorporated entities, 95 branches and 197 representative offices in China, maintained presence in 59 cities of 27 provinces, achieved certain degree of market coverage both horizontally and vertically through branches and outlets. Foreign banks contributed to the banking sector particularly in serving the small- and micro-sized enterprises (SMEs), supporting Chinese enterprises "going global" and promoting balanced community development. The total assets of foreign banking institutions in China increased by 10.66 percent from 2011 to 2012. However, market share of the foreign banks continue to decrease from 1.93% to 1.82%.

Foreign banking establishments in China (as of 2012)

Institution / Type	Foreign banks	Wholly foreign-owned banks	Joint-venture banks	Wholly foreign-owned finance companies	Total
Locally incorporated institutions (LII)		38	3	1	42
LII branches and subsidiaries		267	8		275
Foreign bank branches	95				95
Total	95	305	11	1	412

Foreign bank operations in China (2006-2012)

Item / Year	2006	2007	2008	2009	2010	2011	2012
Total assets	9,279	12,525	13,448	13,492	17,423	21,535	23,804
As of the total banking assets in China	2.11%	2.38%	2.16%	1.71%	1.85%	1.93%	1.82%

Unit: RMB 100 million, percent (Source: China Banking Regulatory Commission)

Project Financing

[Return to top](#)

Sources of financial support available to U.S.-based exporters are:

Export Credits

The U.S. Export-Import Bank (Ex-Im Bank), an independent agency of the U.S. Government, seeks to increase the competitive position of U.S.-based exporters in overseas markets by supporting the financing of U.S. export sales. All of Ex-Im Bank's financial products are available for Chinese buyers of U.S. goods and services for the short, medium and long term. Generally speaking, Ex-Im Bank guarantees the repayment of loans or makes loans to international purchasers of U.S. goods and services. Ex-Im Bank also extends export credit insurance to overseas buyers and protects U.S. exporters against the risks of non-payment for political or commercial

reasons. A reasonable assurance of repayment on every transaction financed must be provided.

Ex-Im Bank has signed a Framework Agreement (Agreement) with China's Ministry of Finance (MoF). According to this Agreement, the MoF will undertake to provide sovereign guarantee for imports from the United States for Chinese government projects. The Sovereign Guaranteed Loan Program (SGLP) was created in 2005 to help strengthen economic and trade ties between the two countries by offering beneficial terms to boost U.S. exports of advanced technology and equipment.

Eligible Buyers: The SGLP program is not limited to a specific set of customers, but procurements must be pre-approved at the municipal and provincial levels before being considered for approval at the Ministry of Finance. To date, the end-users of U.S. export products have principally been SOEs, agricultural cooperatives, and provincial and municipal authorities.

Eligible Products: The SGLP has been used or is targeted to cover a wide range of U.S. equipment and services exports, in sectors including environmental technology, water and wastewater, renewable energy, agricultural machinery, medical equipment, firefighting equipment, and machine technology.

For private sector borrowers, Ex-Im Bank will accept financial statements audited according to acceptable accounting practices with auditor's notes and statements that adequately disclose financial conditions and afford a reasonable basis for reliance on the information provided. The terms and conditions of standard export financing are governed by the OECD Arrangement on export credits.

For Ex-Im Bank direct loans, lending rates (commercial interest reference rates or CIRR) are set monthly and are based on a spread above U.S. Treasuries. The Ex-Im Bank is also open for limited-recourse, project financing in China. Such a project is one in which anticipated cash flows can cover debt service repayment to lenders and payment of dividends to shareholders, and is without government guarantees. Loans under this program will be available to companies operating investment projects that require imports from the United States. Project financing is also available from the various multilateral financial institutions as described below.

The Chinese Government and Chinese borrowers periodically receive concessional financing terms and conditions designed to support a third country's exporters. The credits can be offered under government-to-government protocols related to a particular sector or project. U.S. firms, otherwise competitive on price and quality, often lose contracts because they are unable to compete with such concessional loans. Ex-Im Bank will, under certain circumstances, consider matching the specific financing terms of a competing government offer. Tied Aid matching funds must be approved by the Board of Directors of Ex-Im Bank.

For more information concerning Ex-Im Bank programs and application procedures contact James S. Lewis, Senior Business Development Officer of Global Business Development Division, Export-Import Bank of the United States (202) 565-3716 (telephone), james.lewis@exim.gov or (202) 565-3961 (fax) Exposure fee calculations and applications can be found on-line at www.exim.gov.

U.S. Trade and Development Agency

The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing- and middle-income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

If a priority project exists for which you wish to consider U.S. sources of goods and services, please contact Mr. Carl B. Kress, Regional Director for East Asia, at USTDA's Arlington, VA office. Tel: (703) 875-4357, Fax: (703) 875-4009, Email: east_asia@ustda.gov.

In China, contact the USTDA Representative, Ms. Wan Xiaolei, at the U.S. Commercial Service, U.S. Embassy Beijing at Tel: (86 10) 8531-4534, Fax: (86 10) 8531-3701, xiaolei.wan@mail.doc.gov.

Multilateral Agencies

The World Bank, based in Washington, D.C., maintains a loan program in China. The World Bank's purpose is to help borrowers reduce poverty and improve living standards through sustainable growth and investment. China represents the World Bank's second largest commitment worldwide. The Bank's program policies in China continue to shift away from key infrastructure projects in transportation and energy toward environmental and agriculture support. The World Bank publishes bidding opportunities in the United Nations publication "Development Business," and can be viewed at: <http://www.devbusiness.com/DevBusinessViewer.aspx?Content=AboutUNDBPage>

The World Bank Group conducts procurement by the rules of international competitive bidding through Chinese tendering organizations; nonetheless, successful bidding requires close coordination with the Chinese Government entity responsible for developing a project at the consulting stage when specifications are being established. The World Bank has a local office in China. The website can be viewed at: <http://www.worldbank.org/>

As a member of the World Bank, the International Finance Corporation (IFC) has become increasingly active in China. It is mandated to assist joint venture and share holding companies with substantial non-state ownership to raise capital in the international markets. The IFC takes equity positions in these companies. The projects have anticipated cash flows that can cover repayments to lenders and dividends to shareholders. They do not enjoy a government guarantee. The IFC can be contacted through its Washington, D.C. Headquarters at (202) 473-3800 or its Beijing office, Tel: (86 10) 5860-3000, Fax: (86 10) 5860-3100. Website: www.ifc.org.

The Asian Development Bank (ADB) is a multilateral development finance institution, based in Manila, which is dedicated to reducing poverty in the Asia and Pacific region through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, it is owned by 67 members. The ADB extends loans and provides technical assistance to its developing member countries for a broad range of development projects and programs. It also promotes and facilitates investment of public and private capital for economic and social development.

Once a project is initially approved by the ADB and the Chinese Government, it is included in a monthly publication called "ADB Business Opportunities" which is available by subscription from the Publications Unit, Information Office, ADB, P.O. Box 789, Manila, Philippines, Fax: (632) 632-5122 or 632-5841. The Commerce Department has established a Multilateral Development Bank Operations Office Fax: (202) 273-0927, which publishes information to assist companies in winning such contracts. The ADB Resident Mission in China is located in Beijing. Tel: (86 10) 8573-0909, Fax: (86 10) 8573-0808. Website: www.adb.org.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov/>

Country Limitation Schedule: <http://www.exim.gov/tools/countrylimitationschedule/>

OPIC: <http://www.opic.gov/>

Trade and Development Agency: <http://www.ustda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/about-offices-content/1/2889>

USDA Commodity Credit Corporation:

<http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>

U.S. Agency for International Development: <http://www.usaid.gov/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Business/name cards are ubiquitous in Chinese business and will almost always be exchanged upon meeting a stranger in such a context. The card should be held in both hands when offered to the other person; offering it with one hand is considered ill mannered. When receiving a card, use two hands and study it. Acknowledge it with thanks and initiate conversation, when feasible. Use an interpreter, if available, to make sure you are communicating correctly and/or understanding the other person correctly. Do not miss an opportunity to develop an appropriate new business contact, as relationships, called *guanxi* in Mandarin, remain very important in China.

Travel Advisory

[Return to top](#)

The threat level for all China posts is considered low for crime and medium for terrorism.

For the most up-to-date information related to traveling and living in China, please see the Department of State's Country Specific Information on China at http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1089.html.

China experiences a moderate rate of crime. Violent crime is less common but does occur. Violent crime affecting the expatriate community most often occurs in the bars and clubs of Beijing's nightlife districts. **To reach the police in China, dial "110," the local equivalent of 911.** Recent assaults at nightclubs and bars highlight the need to check local expatriate publications when planning outings. Pickpockets are particularly active in crowded markets and foreigners are often sought out as primary targets. Foreigners have often had bags or backpacks stolen when they set them down momentarily in a shop or put them on a chair in a restaurant; avoid keeping your passport in a bag. Thefts from taxis have also become more common and travelers are especially urged to hold purses or computer bags and to be sure drivers are not given the opportunity to leave with the traveler's luggage in the car or trunk. Petty theft from hotel rooms is uncommon but visitors are advised not to leave valuables lying loose or unattended in their rooms. Use safe deposit boxes or safes in rooms, or at the front

desk, where provided. Use caution if approached by individuals purporting to be English-language or art students, and avoid sellers of pirated or fake products. These transactions are illegal and should be avoided.

Americans arriving without valid passports and Chinese visas are not permitted to enter China and may also be subject to fines. Visitors traveling to China on a single entry visa should be reminded that trips to Hong Kong or Macau Special Administrative Regions are treated as a visit outside Mainland China. If the traveler tries to return to Mainland China after a visit to one of these two destinations but only has a single entry visa, they will be denied entry. Visitors facing this dilemma should apply for a new visa at the Chinese Ministry of Foreign Affairs or the China Travel Service in Hong Kong to re-enter China. Transit through China without a visa is permitted in some circumstances (See visa requirement information below) but to avoid problems, check your itinerary and the most recent Chinese visa regulations to be sure your trip meets the regulations. Recent travel advisories and other useful information can be found on the U.S. State Department's travel website: <http://travel.state.gov/>.

If traveling to China, remember to connect with the U.S. Embassy and Consulates through the Department of State's Smart Traveler Enrollment Program:
<https://travelregistration.state.gov/ibrs/ui/>.

Visa Requirements

[Return to top](#)

A valid passport and visa are required to enter China. A visa must be obtained from Chinese Embassies and Consulates before traveling to China. **The standard visa reciprocity is multiple entry/12 months and visitors should request a Chinese visa of that validity to avoid problems.** Americans arriving without valid passports and the appropriate Chinese visa are not permitted to enter and can be subject to a fine and immediate deportation at the traveler's expense. Travelers should not rely on Chinese host organizations claiming to be able to arrange a visa upon arrival. Chinese authorities have recently tightened their visa issuance policy, in some cases requiring personal interviews of American citizens and regularly issuing one or two entry visas valid for short periods only. In general, if you are travelling through China en route to another country, you do not need a visa, as long as you stay in China less than 24 hours and do not leave the airport. **Individuals traveling through Beijing Capital, Shanghai Pudong, Guangzhou Baiyun or Chengdu Shangliu Airport and have a connecting flight out of China are allowed a 72 hour visa exception** as long as they stay within that municipality or province. Specific information regarding the rules of visa exceptions can be found at the Beijing Municipal Public Security Bureau's website: <http://www.mps.gov.cn/n16/n84147/n84196/3912430.html>

If you are a transit passenger and have more than one stopover in China, you must exit the transit lounge at the first stop to apply for an endorsement in your passport that permits multiple stops in China. As long as you have a ticket that continues on to an international destination, the endorsement should be routine. Persons transiting China on the way to and from Mongolia or North Korea or who plan to re-enter from the Hong Kong or Macau Special Administrative Regions should be especially sure to obtain visas allowing multiple entries.

For information about visa requirements and other entry requirements and restricted areas, travelers should consult the Embassy of the People's Republic of China (PRC) at

2300 Connecticut Avenue N.W., Washington, D.C. 20008, or telephone (202) 328-2500, 2501 or 2502. For a list of services and frequently asked visa questions and answers, travelers can view the Chinese Embassy's website at: <http://www.china-embassy.org/eng/>

The Chinese Embassy's visa section may be reached by e-mail at chnvisa@bellatlantic.net. The service hotline is (202) 337-1956 and the fax number is (202) 588-9760. There are Chinese Consulates General in Chicago, Houston, Los Angeles, New York, and San Francisco.

Americans traveling in Asia have been able to obtain visas to enter China from the Chinese visa office in Hong Kong and the Embassy of the People's Republic of China in Seoul, South Korea, but Americans resident in the United States should apply for a visa before leaving, if possible.

Americans who overstay or otherwise violate the terms of their Chinese visas will be subject to a RMB 500 fine per day up to a maximum of RMB 5,000. Although you can expect processing delays and receive a warning, you are not necessarily denied a new visa or have further action taken against you. In extreme cases, you could be expelled from the country and prohibited re-entry for 5 years. Travelers should note that international flights departing China are routinely overbooked. Travelers are advised to reconfirm departure reservations and check in early at the airport. **Note that if you lose your passport or become the victim of passport theft, you will not only need to obtain a new U.S. passport, but you will need to obtain a replacement visa before you will be able to depart China. This process can take as long as one week.**

In an effort to prevent international child abduction, many governments have initiated new procedures at entry/exit points. These often include requiring documentary evidence of relationship and permission for the child's travel from the parent(s) or legal guardian if they are not present. Having such documentation on hand, even if not required, may facilitate entry/departure.

U.S. companies that require travel of foreign businesspeople to the United States should be advised that, especially during the summer and during other busy travel times, there may be a significant wait time for applicants to schedule a visa interview and a small percentage of Chinese visa applicants, particularly those in scientific and technical fields, require additional processing that may take three weeks or more to complete. Chinese companies also usually require invitation letters and have internal travel approval process that may take several weeks. U.S. companies should send invitation letters to Chinese business contacts as early as possible. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/content/visas/english.html>

United States Visas.us: <http://www.unitedstatesvisas.us/>

State Department Visa Website: <http://travel.state.gov/visa/>

Embassy Beijing Consular Section: http://beijing.usembassy-china.org.cn/niv_info.html

Telecommunications

[Return to top](#)

International and domestic phone calls can be made with little difficulty in China, particularly in the major cities. International and domestic calls can typically be made

directly from hotel rooms and phone cards and SIM cards are widely available. Phones can be rented at the airport arrival terminals for short term use.

City Codes

Cities shown are where the U.S. Government has an Embassy or Consulate. For calls made within China, add a "0" before the city code. For calls made to China, dial "86" before the city code. When calling China from the United States, add "011" before the country code.

Beijing: 10

Chengdu: 28

Guangzhou: 20

Shanghai: 21

Shenyang: 24

Wuhan: 27

Hong Kong: 852

Telephone Operators

Local Directory Assistance (some English): 114

Other Numbers (Emergencies)

U.S. Embassy: 011-8610-8531-4000. Within Beijing, dial 8531-4000 (American Citizen Services) and listen for the menu options. For after-hours emergencies only, dial 8531-3000, and ask the operator or the Marine Guard receiving the call to let you speak to the Duty Officer.

Additional important information, including travel advisories, can be found at the U.S. Embassy's U.S. Citizen Service's website: http://beijing.usembassy-china.org.cn/country_info.html

Emergency/Fire (Chinese): 119

Police (Chinese): 110

All visitors should be aware that they have no expectation of privacy in public or private locations. The U.S. Embassy regularly receives reports of human and technical monitoring of U.S. private businessmen and visiting American citizens.

All hotel rooms and offices are considered to be subject to on-site or remote technical monitoring at all times. Hotel rooms, residences, and offices may be accessed at any time without the occupants' consent or knowledge. Elevators and public areas of housing compounds are also under continuous surveillance.

All means of communication--telephones, mobile phones, faxes, e-mails, text messages, etc.--are likely monitored. The government has access to the infrastructure operated by the limited number of internet service providers (ISPs) and wireless providers. Wireless access to the Internet in major metropolitan areas is becoming more common. As such, the Chinese can more easily access official and personal computers.

Transportation

[Return to top](#)

Taxis

Metered taxis are plentiful and can be hailed along most main streets, especially near hotels and major sightseeing attractions. Taxis are a convenient and fairly inexpensive means of transport, especially if you have your destination address written in Chinese. Transportation is easily arranged at the front door of the hotel. Concierge desks have cards with the name and address of the hotel in Chinese and can assist with giving instructions to the taxi driver. The use of unregistered or “black” taxi cabs continues to be a concern. In a limited number of cases, Americans using “black” taxi cabs have reported being sexually assaulted; have had their luggage stolen; or have been charged exorbitant fares. Avoid taking unregistered black taxis.

Beijing Taxi (some drivers speak English) 010-8456-6466

Capital Taxi (some drivers speak English) 800-610-5678/010-6406-5088

Airlines

Add “010” before the number, except 400 or 800 calls, if outside Beijing

Cathay Pacific/Dragon Air 400-888-6628/ (86 10) 6453-2566 (airport office)

Japan Airlines 400-888-0808

Korean Airlines 400-658-8888 (press “3” for English)

Malaysian Airlines (86 10) 6505-2681 (press “2” for English)/ 10-6459-0206 (airport)

Delta/Northwest 400-814-0081 (press “3” English)

Qantas 800-819-0089 (press “1” for English)/ (86 10) 6567-9006 (press “101” for English)

Singapore Airlines (86 10) 6505-2233 (press “2” for English)

Thai Airways (86 10) 8515-0088 (press “0” for English)

United 800-810-8282 (press “1” for English)

Vietnam Airlines (86 10) 8454-1196

Be sure to confirm which airport/terminal your departure flight will use in Beijing (Terminal 2 or Terminal 3) or in Shanghai (Hongqiao or Pudong) as they are miles apart.

Language

[Return to top](#)

Mandarin Chinese is the national language, spoken by over 70% of Chinese. Other than Mandarin there are six major Chinese dialects, as well as numerous local dialects.

Pinyin refers to the standardized Romanization system used to represent the pronunciation of Chinese characters; it is used throughout China on signs. Simplified Chinese characters are written the same across Mainland China despite being pronounced differently in each dialect. However, most areas outside the Mainland, including Hong Kong, Macau, Taiwan and Southeast Asia, use traditional characters. For business purposes it is important to provide contacts with bilingual business cards, usually with Chinese characters on one side, English on the other. Titles and company names should be translated with care into Chinese to ensure a positive meaning.

Health

[Return to top](#)

Western-style medical facilities with international staffs are available in Beijing, Shanghai, Guangzhou and a few other large cities. Many other hospitals in major

Chinese cities have so-called VIP wards (*gaogan bingfang*). These feature reasonably up-to-date medical technology and physicians who are both knowledgeable and skilled. Most VIP wards also provide medical services to foreigners and have English-speaking doctors and nurses. Most hospitals in China will not accept medical insurance from the United States, with the exception of the following hospitals, which are on the BlueCross BlueShield's worldwide network providers - overseas network hospitals' list (<https://webcorp.axa-assistance.com/Home.aspx#>): Beijing United Family Hospital, Beijing Friendship Hospital, International Medical Center in Beijing, and Peking Union Medical Center. Travelers will be asked to post a deposit prior to admission to cover the expected cost of treatment. Hospitals in major cities may accept credit cards for payment. Even in the VIP/Foreigner wards of major hospitals, however, American patients have frequently encountered difficulty due to language, cultural, and regulatory differences. Physicians and hospitals have sometimes refused to supply American patients with complete copies of their Chinese hospital medical records, including laboratory test results, scans, and x-rays. All Americans traveling to China are strongly encouraged to buy foreign medical care and medical evacuation insurance prior to arrival. Travelers who want a list of medical facilities in China that will treat foreigners can access that information at the Embassy's website. Information for consular districts can be accessed by clicking "locations" in the upper right-hand corner of this site.

Ambulances do not carry sophisticated medical equipment, and ambulance personnel generally have little or no medical training. Therefore, injured or seriously ill Americans may be required to take taxis or other immediately available vehicles to the nearest major hospital rather than waiting for ambulances to arrive. In rural areas, only rudimentary medical facilities are generally available. Rural clinics are often reluctant to accept responsibility for treating foreigners, even in emergency situations.

Medical Insurance

The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless on a reimbursable basis or if supplemental coverage is purchased. Furthermore, U.S. Medicare and Medicaid programs do not provide payment for any medical services outside the United States. However, many travel agents and private companies offer insurance plans that will cover health care expenses incurred overseas, including emergency services such as medical evacuations.

When making a decision regarding health insurance, Americans should consider that many foreign doctors and hospitals require payment in cash prior to providing service and that a medical evacuation to the U.S., or even to Hong Kong, may cost well in excess of \$100,000. Uninsured travelers who require medical care overseas often face extreme difficulties. When consulting with your insurer prior to your trip, ascertain whether payment will be made to the overseas healthcare provider or if you will be reimbursed later for expenses you incur. Some insurance policies also include coverage for psychiatric treatment and for disposition of remains in the event of death.

SOS International, Ltd., Medex Assistance Corporation, and Heathrow Air Ambulance offer medical insurance policies designed for travelers.

SOS International, Ltd.
Beijing International SOS Clinic
Suite 105, Wing 1, Kunsha Building
No 16 Xinyuanli, Chaoyang District
Beijing 100027, China
Tel (86 10) 6462-9112
Fax (86 10) 6462-9188
Website: http://www.internationalsos.com/en/asia-pacific_china.htm

MEDEX Assistance Corporation 871 Poly Plaza Beijing 100027
Toll Free Number from China to the United States: 10811-800-527-0218
Email: info@medexassist.com (Baltimore, Maryland)
U.S. telephone: 1-800-537-2029 or 1-410-453-6300 (24 hours)
Emergencies (members only): 1-800-527-0218 or 1-410-453-6330
Website: <http://www.medexassist.com/>
Medex members calling with a medical emergency should call Medex-Emergency in China at telephone (86-10) 6595-8510.

Heathrow Air Ambulance
Heathrow is an air evacuation service with offices in the United States and England. Travelers can pre-arrange air evacuation insurance and other emergency travel assistance. This service also has a business plan to assist foreigners who lack travel insurance.
Heathrow Air Ambulance Service, 15554 FM, Suite 195 Houston, TX. 77095-2704.
Office telephone: 1-800-513-5192. Office fax: 1-832-934-2395.
E-mail: info@heathrowairambulance.com

Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State's Bureau of Consular Affairs brochure, *Medical Information for Americans Traveling Abroad*, available via http://travel.state.gov/travel/tips/tips_1232.html#health.

Other Health Information

Air pollution is also a significant problem throughout China. Travelers should consult their doctor prior to travel and consider the impact seasonal smog and heavy particulate pollution may have on them.

Reuse or poor sterilization practices are problems in China, contributing to transmission of diseases such as hepatitis, which is endemic in China. In order to protect themselves from blood and other tissue borne disease such as hepatitis and HIV, travelers should always ask doctors and dentists to use sterilized equipment and be prepared to pay for new syringe needles in hospitals or clinics. Tuberculosis is endemic in China.

Most roads and towns in Tibet, Qinghai, parts of Xinjiang, and western Sichuan are situated at altitudes over 10,000 feet. Travelers in these areas should seek medical advice in advance of travel, allow time for acclimatization to the high altitude, and remain alert to signs of altitude sickness.

Travelers are advised to consult the CDC's traveler's health website at: <http://www.cdc.gov/travel/eastasia.htm> prior to departing for China.

Local Time, Business Hours, and Holidays

[Return to top](#)

Time throughout China is set to Beijing time, which is eight hours ahead of GMT/UTC. When it's noon in Beijing it's also noon in far-off Lhasa, Urumqi, and all other parts of the country. However, western China does follow a later work schedule to coincide with daylight hours.

Business Hours

China officially has a five-day work week although some businesses stretch to six days. Offices and government departments are normally open Monday to Friday between 8:30 AM and 5PM, with some closing for one or two hours in the middle of the day.

2014 Holiday Schedule

The Embassy is open from 8:00 a.m. to 5:00 p.m. Monday through Friday. We are closed on the following American and Chinese holidays:

***	January 1	Tuesday	New Year's Day
*	January 20	Monday	Martin Luther King, Jr.'s Birthday
**	Jan.31-Feb.6	Sat-Wed	Chinese (Lunar) New Year
*	February 17	Monday	Presidents' Day
**	April 5	Thursday	Tomb Sweeping Day
**	May 1-3	Wednesday	International Labor Day
*	May 26	Monday	Memorial Day
**	May 31-June 2	Wednesday	Dragon Boat Festival
*	July 4	Thursday	Independence Day
*	September 1	Monday	Labor Day
**	September 6-8	Thursday	Mid-Autumn Festival
**	October 1-3	Tue-Thu	Chinese National Day
*	October 13	Monday	Columbus Day
*	November 11	Monday	Veterans Day
*	November 27	Thursday	Thanksgiving Day
*	December 25	Wednesday	Christmas Day

* **Americans Holidays**

** **Chinese Holidays**

*** **Chinese and American Holidays**

Please note that this schedule is subject to change if the PRC government makes any adjustments to legally-recognized Chinese holidays.

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Although travelers will notice that China Customs officials at the airports do not routinely inspect baggage upon arrival, random searches are possible. China allows an individual to import 400 cigarettes (600, if you are staying more than six months), two bottles of wine or spirits (verify current allowable quantity at the duty free shop *before you purchase*), and a reasonable amount of perfume. Cash amounts exceeding \$6,000 (or equivalent in other foreign currency) should be declared. The distribution of counterfeit

Chinese currency continues to plague official and private Americans. Unsuspecting Americans are passed fraudulent notes at restaurants, stores, and taxi cabs. Large numbers of 100 RMB and 50 RMB counterfeit notes continue to circulate, while even fake 20 RMB and 10 RMB (roughly 3 and 2 dollars respectively) denominations have been introduced in Beijing and other parts of the country.

Chinese law prohibits the import of cold cuts and fresh fruit. There are limits on other items, such as herbal medicine that can be taken out of the country. Rare animals and plants cannot be exported. Cultural relics, handicrafts, gold and silver ornaments, and jewelry purchased in China have to be shown to customs upon leaving China. If these items are deemed to be “cultural treasures” they will be confiscated. All bags are X-rayed.

It is illegal to import any printed material, film, and tapes, etc. that are “detrimental to China’s political, economic, cultural, or ethical interests. As with tapes, books or DVDs that “contain state secrets or are otherwise prohibited for export” can be seized on departing China.

Web Resources

[Return to top](#)

U.S. Embassy Beijing: <http://beijing.usembassy-china.org.cn>
U.S. Commercial Service, China: <http://www.export.gov/china/>
China Council for the Promotion of International Trade (CCPIT): www.ccpit.org
National Development and Reform Commission (NDRC) <http://en.ndrc.gov.cn/> (English)
Chinese Ministry of Commerce: <http://english.mofcom.gov.cn/>
American Chamber of Commerce China (Amcham): <http://www.amchamchina.org>
U.S.-China Business Council: <http://www.uschina.org>
Chinese Government: <http://english.gov.cn>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

A. State Commissions

National Development and Reform Commission (NDRC)

38 S. Yuetannanjie, Xicheng District, Beijing 100824, China

Chairman: Xu Shaoshi

Main Line: (86 10) 6850-2000

International Affairs: (86 10) 6850-1343

Fax: (86 10) 6850-2117

Website: <http://en.ndrc.gov.cn>

B. Chinese Ministries

Ministry of Agriculture

11 Nongzhanguan Nanli, Chaoyang District, Beijing 100125, China

Minister: Han Changfu

Main Line: (86 10) 5919-1428/1492

Mr. Xu Yubo, U.S.-China Cooperation: (86 10) 5919-3327

Prior referral needed via U.S. Embassy if requesting a meeting

Fax: (86 10) 5919-1428

Website: <http://english.agri.gov.cn>

Ministry of Transport

11 Jianguomennei Dajie, Dongcheng District, Beijing 100736, China

Minister: Yang Chuantang

Main Line: (86 10) 6529-2327

International Affairs: (86 10) 6529-2206/2208

Fax: (86 10) 6529-2345

Website: www.moc.gov.cn (no English page)

Public Holiday contacts: jtbweb@moc.gov.cn

1371-779-3170

Ministry of Housing and Urban-Rural Development

9 Sanlihe Lu, Haidian District, Beijing 100835, China

Minister: Jiang Weixin

Main Line: (86 10) 5893-4114

Technical matters: (86 10) 5893-3575

International Affairs: (86 10) 5893-4049

Fax: (86 10) 6831-2524

Website: <http://www.mohurd.gov.cn/> (no English page)

Ministry of Culture

10 Chaoyangmen Beijie, Dongcheng District, Beijing 100020, China

Minister: Cai Wu

Main Line: (86 10) 5988-1114

International Affairs: (86 10) 5988-2005/2004

Fax: (86 10) 5988-1986/2005

Website: <http://www.ccnt.gov.cn/English/index.html>

Ministry of Education

37 Damucang Hutong, Xidan, Xicheng District, Beijing 100816, China

Minister: Yuan Guiren

Main Line: (86 10) 6609-6114

International Affairs: (86 10) 6609-6275

Fax: (86 10) 6601-3647

Website: http://www.moe.gov.cn/publicfiles/business/htmlfiles/moe/moe_2792/index.html

Ministry of Finance

3 Nansanxiang, Sanlihe, Xicheng District, Beijing 100820, China

Minister: Lou Jiwei

Main Line: (86 10) 6855-1781/6855-1782

International Affairs: (86 10) 6855-1175

Fax: (86 10) 6855-1125

Website: www.mof.gov.cn (no English page)

Ministry of Foreign Affairs

2 Chaoyangmen Nandajie, Chaoyang District, Beijing 100701, China

Minister: Wang Yi

Main Line: (86 10) 6596-1114

International Affairs: (86 10) 6596-3100

Fax: (86 10) 6596-1808

Website: www.fmprc.gov.cn/eng/default.htm

Ministry of Commerce

2 Dongchang'an Avenue, Beijing 100731, China

Minister: Gao Hucheng

Main Line: (86 10) 5165-1200, ext. 612/613/623

International Affairs: (86 10) 6519-8830

Fax: (86 10) 6567-7512

Website: <http://english.mofcom.gov.cn/>

Ministry of Environmental Protection (MEP)

115 Xizhimennei Nanxiaojie, Beijing 100035, China

Minister: Zhou Shengxian

Main Line: (86 10) 6655-6006

International Affairs: (86 10) 6655-6495/6496

Fax: (86 10) 6655-6010

Website: <http://english.mep.gov.cn>

Ministry of Health (MOH)

1 Xizhimenwai Nanlu, Xicheng District, Beijing 100044, China
Minister: Li Bin
Main Line: (86 10) 6879-2114
International Affairs: (86 10) 6879-2297
Fax: (86 10) 6879-2295
Website: www.moh.gov.cn (no English page)

Ministry of Industry and Information Technology (MIIT)

13 Xichang'anjie, Beijing 100804, China
Minister: Miao Wei
Main Line: (86 10) 6601-4249
International Affairs: (86 10) 6601-1365
Fax: (86 10) 6601-1370
Website: www.miit.gov.cn (no English page)

Ministry of Justice

10 Chaoyangmen Nandajie, Chaoyang District, Beijing 100020, China
No.16, Xibianmen Xilijia, Xuanwu District, Beijing 100053, China
Minister: Wu Aiyong
Main Line: (86 10) 6520-5114
International Affairs: (86 10) 6520-6239
Fax: (86 10) 6520-5866
Website: <http://english.moj.gov.cn/>

Ministry of Human Resources and Social Security (MOHRSS)

12 Hepingli Zhongjie, Dongcheng District, Beijing 100716, China
Minister: Yin Weimin
Main Line: (86 10) 8420-1114
International Affairs: (86 10) 8423-3379
Fax: (86 10) 8423-3320
Website: www.mohrss.gov.cn (no English page)

Ministry of Land and Resources

No.64 Fu Nei Street, Xicheng District, Beijing 100812, China
Minister: Jiang Daming
Tel: (86 10) 6655-8407/8408/8420
Fax: (86 10) 6612-7247
Website: www.mlr.gov.cn/mlrenglish/

Ministry of Public Security

14 Dongchang'anjie, Beijing 100741, China
Minister: Guo Shengkun
Main Line: (86 10) 6626-2114
International Affairs: (86 10) 6626-3279
Fax: (86 10) 6626-1596
Website: www.mps.gov.cn (no English page)

Ministry of Science and Technology

15B, Fuxinglu, Haidian District, Beijing 100862, China
Minister: Wan Gang

Main Line: (86 10) 5888-1800
International Affairs: (86 10) 5888-1300/1301
Fax: (86 10) 5888-2556
Website: www.most.gov.cn/eng/index.htm

Ministry of Water Resources

2 Baiguanglu Ertiao, Xuanwu District, Beijing 100053, China
Minister: Chen Lei
Main Line: (86 10) 6320-2114
International Affairs: (86 10) 6320-2825
General Office (86 10) 6320-2699
Fax: (86 10) 6320-2822
Website: www.mwr.gov.cn/english/

C. Bureaus and Administrations Directly Under the State Council

Government Offices Administration of the State Council

22 Xi'anmen Dajie, Beijing 100017, China
Director: Jiao Huancheng
Tel & Fax: (86 10) 8308-6195
Website: www.ggj.gov.cn (no English page)

Civil Aviation Administration of China

155 Dongsixidajie, Beijing 100710, China
Minister: Li Jiaxiang
Main Line: (86 10) 6409-1114
International Affairs: (86 10) 6409-1295
Fax: (86 10) 6401-6918
Website: www.caac.gov.cn (no English page)

National Railway Administration

6 Fuxing, Beijing 100891, China
Director: Lu Dongfu
Tel: (86 10) 5189 2371
Website: www.nra.gov.cn

General Administration of Customs

6 Jianguomennei Dajie, Beijing 100730, China
Minister: Yu Guangzhou
Main Line: (86 10) 6519-4114
International Affairs: (86 10) 6519-5980
Fax: (86 10) 6519-4354
Website: <http://english.customs.gov.cn/publish/portal191/>

China National Tourism Administration

9A Jianguomennei Dajie, Beijing 100740, China
Chairman: Shao Qiwe
Main Line: (86 10) 6520-1114
Marketing and International Cooperation Department: (86 10) 6520-1810
Fax: (86 10) 6513-7871
Website: <http://en.cnta.gov.cn/>

State Administration for Industry and Commerce

8 Sanlihe Donglu, Xicheng District, Beijing 100820, China

Director: Zhang Mao

Main Line: (86 10) 6801-0463/6801-3447

International Affairs: (86 10) 6803-1508

Fax: (86 10) 6801-0463/6802-3447

Website: <http://www.saic.gov.cn/english/index.html>

The State Administration for Religious Affairs

No.44, Hou Hai Bei Yan, Xi Cheng District, Beijing 100009, China

Director: Wang Zuoan

Tel: (86 10) 6409-5114

Fax: (86 10) 6409-5000

Website: www.sara.gov.cn (no English page)

The State Administration of Press, Publication, Radio, Film and Television

2 Fuxingmenwai Dajie, Beijing 100866, China

Director: Cai Fuzhao

Main Line: (86 10) 8609-3114

International Affairs: (86 10) 8609-2141

Fax: (86 10) 6801-0174

Website: www.sarft.gov.cn (no English page)

General Administration for Quality Supervision, Inspection and Quarantine

No.9 Ma Dian Road East, Haidian District, Beijing 100088, China

Director: Zhi Shuping

Main Line: (86 10) 8226-0114

International Affairs: (86 10) 8226-1693/1955

Fax: (86 10) 8226-0552

Website: <http://english.aqsiq.gov.cn/>

State Administration of Taxation

5 Yangfangdian Xilu, Haidian District, Beijing 100038, China

Commissioner: Xiao Jie

Main Line: (86 10) 6341-7114

International Affairs: (86 10) 6341-7901

Fax: (86 10) 6341-7870

Website: <http://202.108.90.130/n6669073/index.html>

The State Food and Drug Administration (SFDA)

26 Xuanwumen Xidajie, Beijing 100053, China

Minister: Zhang Yong

Main Line: (86 10) 6831-3344

International Affairs: (86 10) 8833-0813

Fax: (86 10) 6831-0909

Website: <http://eng.sfda.gov.cn/WS03/CL0755/>

State Forestry Administration

18 Hepingli Dongjie, Beijing 100714, China

Director: Zaho Shuzong

Main Line: (86 10) 8423-9676/9000
 International Affairs: (86 10) 8423-8720
 Fax: (86 10) 6421-9149
 Website: <http://english.forestry.gov.cn/web/index.do>

State Intellectual Property Office

6 Xituchenglu, Jimenqiao, Haidian District, Beijing 100088, China
 Director: Tian Lipu
 Main Line: (86 10) 6208-3114
 International Affairs: (86 10) 6208-5588/5599
 Fax: (86 10) 6201-9615
 Website: <http://english.sipo.gov.cn/>

National Copyright Administration

40# Xuanwumenwai Dajie, Xuanwu District, Beijing 100052, China
 Director: Liu Binjie
 Main Line: (86 10) 8313-8000
 International Affairs: (86 10) 8313-8736 / 8313-8735
 Fax: (86 10) 6528-0038
 Website: <http://www.ncac.gov.cn/> (no English page)

General Administration of Sport

2 Tiyuguanlu, Chongwen District, Beijing 100763, China
 Minister: Liu Peng
 Main Line: (86-10) 8718-2008
 International Affairs: (86-10) 8718-2732
 Fax: (86 10) 6711-5858
 Website: www.sport.gov.cn (no English page)

National Bureau of Statistics

57Yuetannanjie, Xi Cheng District, Beijing 100826, China
 Director: Ma Jiantang
 Main Line: =(86 10) 6878 3311
 International Affairs: (86 10) 6857-6355
 Fax: (86 10) 6857-6320
 Website: <http://www.stats.gov.cn> (no English page)

National Energy Administration (NEA)

38 Yuetannanjie, Xicheng District, Beijing 100824, China
 Administrator: Wu XinXiong
 Tel: (86 10) 6850-5670
 Fax: (86 10) 6850-5673
 Website: <http://www.nea.gov.cn/> (no English page)

D. Offices under the State Council

The Central People's Government

Zhongnanhai, Beijing 100017, China
 Premier: Li Keqiang
 Tel: (86 10) 8805-0813
 Fax: (86 10) 6307-0900

Website: www.gov.cn (no English page)

Hong Kong and Macau Affairs Office of the State Council

77 Yuetannanjie, Beijing 100045, China

Director: Wang Guangya

Tel: (86 10) 6857-9977

Fax: (86 10) 6857-6639

Website: www.hmo.gov.cn (no English page)

State Council Information Office of the PRC

6 Lianhuachi East Road, Huatian Building. 26/F, Beijing, China

Director: Wang Chen

Tel: (86 10) 5888-0320

Website: www.scio.gov.cn (No English page)

Legislative Affairs Office

33 Ping'anli Xidajie, Xicheng Dist., Beijing 100035, China

Director: Song Dahan

Tel: (86 10) 6309-7599

Website: www.chinalaw.gov.cn/article/english

Office of Overseas Chinese Affairs office of the State Council

35 Fuwaidajie, Beijing 100037, China

Director: Li Haifeng

Tel: (86 10) 6832-7530

Fax: (86 10) 6832-7538

Website: www.gqb.gov.cn (no English page)

State Council Research Office

Zhongnanhai, Beijing 100017, China

Director: Xie Fuzhan

Tel: (86 10) 6309-7785

Fax: (86 10) 6309-7803

Taiwan Affairs Office

No.6-1 Guang'an Men South Avenue, Xuanwu District, Beijing 100053, China

Director: Zhang Zhijun

Tel: (86 10) 6857-1900

Fax: (86 10) 6832-8321

Website: <http://www.gwytb.gov.cn/en/>

E. Institutions

China Meteorological Administration

46 Zhong Guan Cun South Street, Haidian District, Beijing 100081, China

Director: Zheng Guoguang

Tel: (86-10) 5899 5870

Website: <http://www.cma.gov.cn/en/>

China Securities Regulatory Commission

19 Jinrong Avenue, Xicheng District, Beijing 100033, China

Chairman: Xiao Gang
Tel: (86 10) 8806-1000
Fax: 86-10-6621-0205
Website: www.csrc.gov.cn (no English page)

Chinese Academy of Engineering

No.2 Bingjiaokou Hutong, Beijing 100088, China
President: Zhou Ji
Tel: (86 10) 5930-0264
Fax: (86 10) 5930-0140
Website: <http://en.cae.cn/en/>

Chinese Academy of Sciences

52 Sanlihe Road, Xicheng District, Beijing 100864, China
President: Bai Chunli
Tel: (86 10) 6859-7114
Website: www.cas.ac.cn (no English page)

Chinese Academy of Social Sciences

5 Jiannei Dajie, Beijing 100732, China
President: Wang Weiguang
Tel: (86 10) 8519-5999
Website: www.cass.net.cn (no English page)

Development Research Center of the State Council

225 Chaoyangmennei Avenue, Dongcheng District, Beijing 100010, China
Minister: Li Wei
Tel: (86 10) 6523-6066
Fax: (86 10) 6523-6060
Website: www.drc.gov.cn/english/

Chinese Academy of Governance

6 Changchunqiaolu, Haidian District, Beijing 100089, China
President: Yang Jing
Tel: (86 10) 6892-9240
Fax: (86 10) 6842-7895
Website: <http://nsaww.nsa.gov.cn/>

China Earthquake Administration

63 Fuxing Lu, Haidian District, Beijing 100036, China
Director: Chen Jianmin
Tel: (86 10) 8801 5305
Website: www.cea.gov.cn (no English page)

F. Bureaus Supervised by Commissions and Ministries

State Administration of Foreign Exchange

Huarong Plaza, 18 Fuchenglu, Haidian District, Beijing 100048, China
Director: Yi Gang
Tel: (86 10) 6840-2265
Website: <http://www.safe.gov.cn/>

State Administration of Traditional Chinese Medicine

1 Gongti West Road, Chaoyang District, Beijing 100026, China

Commissioner: Mr. Wang Guoqiang

Tel: (86 10) 5995-7666

Website: www.satcm.gov.cn/ (no English page)

State Administration of Cultural Heritage

83 Bai He Yan Da Jie, Dongcheng District, Beijing 100020, China

Director: Li Xiaojie

Tel: (86 10) 5679-2211

Fax: (86 10) 5988-1573

Website: <http://www.sach.gov.cn/> (no English page)

State Administration of Foreign Experts Affairs

Room 50307, No.1 ZhongGuanCun South Street, Haidian District, Beijing 100873, China

Director: Zhang Jianguo

Tel: (86 10) 6894-8899

Fax: (86-10) 6846-8006

Website: <http://www.safea.gov.cn/english/>

State Bureau of Surveying & Mapping and Geoinformation of China 28 Lianhuachi

West Road, Beijing 100830, China

Director: Kurexi Chunfeng

Tel: (86 10) 6388-2219 Fax: (86 10) 6388-2222

Website: <http://en.nasg.gov.cn/>

State Administration of Grain

A11, Guohong Building (C), Muxudi Beili, Xicheng District, Beijing 100038, China

Director: Nie Zhengbang

Tel: (86 10) 6390-6078

Website: <http://www.chinagrains.gov.cn/english/index.html>

China National Light Industry Council

B22 Fuwai Street, Haidan District, Beijing 100833

Chairman: Bu Zhengfa

Tel: (86 10) 6839-6228

Website: <http://en.clii.com.cn/>

China Iron and Steel Association

46 Dongsu Xidajie, Dongcheng District, Beijing 100711, China

Chairman: Xie Qihua

Tel: (86 10) 6513-3322

Website: <http://www.chinaisa.org.cn/gxportal/login.jsp>

State Oceanic Administration

1 Fuxingmenwai Dajie, Beijing 100860, China

Director: Liu Cigui

Tel: (86 10) 6803-2211

Website: <http://www.soa.gov.cn/index.html> (no English Page)

China Petroleum and Chemical Industry Association

Building 16, 4th District, Anhuili, Yayuncun, Beijing 100723, China

Director: Li Yongwu

Tel: (86 10) 8488-5415

Fax: (86 10) 8488-5087

Website: www.cpcia.org.cn/English.htm

State Postal Bureau

A8 Bei Lishilu, Xicheng District, Beijing 100868, China

Director: Ma Junsheng

Tel: (86 10) 8832-3021/3022

Fax: (86 10) 8832-3014

Website: www.chinapost.gov.cn/folder12/2008/10/2008-10-3117985.html

China National Textile and Apparel Council

Rm 207, Tower B, Huaye International Center, 39 Dongsihuan Zhonglu, Beijing 100025, China

President: Xia Lingmin

Tel: (86 10) 8587-2528

Fax: (86 10) 8587-2555

Website: <http://english.ctei.gov.cn/>

State Tobacco Monopoly Bureau

55 Yuetan South Street, Xicheng District, Beijing 100045, China

Chief Commissioner: Linge Chenxing

Tel: (86 10) 6360-5000, 5852/5782

Fax: (86 10) 6360-5793

Website: www.tobacco.gov.cn (no English page)

G. Associations & Corporations

All-China Federation of Industry and Commerce

70 Deshengmen Xidajie, Beijing 100035, China

Chairman: Huang Meng Fu

Tel: (86 10) 5805-0738_

Website http://www.chinachamber.org.cn/web/c_00000002/

China Council for the Promotion of International Trade (CCPIT)

1 Fuxingmenwai Street, Beijing 100860, China

Chairman: Jiang Zengwei

Tel: (86 10) 8807-5000

Fax: (86 10) 6801-1370

Website: www.ccpit.org

(en) <http://english.ccpit.org/>

China Huaneng Group

4 Fuxingmennei St., Xicheng Dist., Beijing 100031, China

President: Cao Peixi

Tel: (86 10) 6322-8800

Fax: (86 10) 6322-8866

Website: www.chng.com.cn

(en) <http://www.chng.com.cn/eng/>

China Nonferrous Metals Industry Association

Rm 1106, 11/F. 62 Xizhimen Beidajie, Haidian District, Beijing 100082, China

President: Kang Yi

Tel: (86 10) 8229-8684

Fax: (86 10)8229-8548 www.cmra.cn/en

People's Insurance Company of China

#69 XuanWu Men Dong He Yan Jie, Beijing 100052, China

President: Wang Yincheng

Tel: (86 10) 6315-6688

Fax: (86-10) 8517-6028

Website: www.piccnet.com.cn

(en) <http://www.piccnet.com.cn/english/ggtheng/index.shtml>

H. Corporations

China International Trust and Investment Corporation

Capital Mansion, 6 Xinyuan Nanlu, Chaoyangqu, Beijing 100004, China

President: Wang Jiong

Tel: (86 10) 6466-0088

Website: www.citic.com

(en) <http://www.citic.com/wps/portal/encitic>

China National Offshore Oil Corp.

No.25 Chaoyangmen Beidajie, Beijing 100010, China

President: Yang Hua

Tel: (86 10) 8452-1010

Fax: (86 10) 6460-2600

Website: www.cnooc.com.cn

(en) <http://en.cnooc.com.cn/> cnooc@cnooc.com.cn

China National Petroleum Corp.

9 Dongzhimen Beidajie, Dongcheng District, Beijing 100007, China

President: Liao Yongyuan

Tel: (86 10) 6209-4114

Fax: (86 10) 6209-4205

Website: <http://www.cnpc.com.cn/en/>

China National Tobacco Corporation (see State Tobacco Monopoly Bureau)

55 Yuetan South Street, Xicheng District, Beijing 100045, China

Chief Commissioner: Linge Chenxing

Tel: (86 10) 6360-5000, 5852/5782

Fax: (86 10) 6360-5793

China North Industries Corp.

12Am Guang An Men Nan Jie, Beijing 100053, China P.O. Box 2932 Beijing

President: Zhi Yulin

Tel: (86 10) 6352-9988

Fax: (86 10) 6354-0398

Website: www.norinco.com.cn
 (en) <http://www.norinco.com.cn/GB/61/index.html>

China Petro-Chemical Corporation

22 Chaoyangmen North Street, Chaoyang District, Beijing 100728, China
 President: Wang Tianpu
 Tel: (86 10) 5996-0114
 Fax: (86 10) 5976-0111
 Website: www.sinopec.com.cn
 (en) <http://english.sinopec.com/>

China State Construction Engineering Corporation

15 Sanlihe Rd., Xicheng District, Beijing 100037, China
 President: Yi Jun
 Tel: (86 10) 8808-2888
 Fax: (86 10) 8808-2958
 Website: www.cscec.com.cn
 (en) <http://english.cscec.com/>

China State Shipbuilding Corporation

No. 72 Kunminghu Nanlu, Haidian District, Beijing 100097, China
 President: Li Changyin
 Tel: (86 10) 8859-8000
 Fax: (86 10) 8859-9000
 Website: www.csic.com.cn
 (en) <http://www.csic.com.cn/en/default.htm>

China Everbright Group 25 Taipingqiao St., Beijing 100045, China

President: Tang Shuangning
 Tel: (86 10) 6363-6363
 Fax: (86 10) 6363-9963
 Website: www.ebchina.com (no English page)

I. American Chambers of Commerce/Trade Associations

Association for Manufacturing Technology

Rm. 2507 Silver Tower
 2 Dongsanhuan North Road
 Chaoyang District
 Beijing 100027, China
 Chief Representative: Li Xingbin
 Email: lixingbin@amtchina.org
 Tel: (86 10) 6410-7374/7375
 Fax: (86 10) 6410-7334
 Website: <http://www.amtchina.org/en/index.asp>

American Chamber of Commerce China

Chairman: Gregory Gilligan
 The Office Park, Tower AB, 6th Floor
 No. 10 Jintongxi Road, Chaoyang District

Beijing 100020, China
Tel: (86 10) 8519-0800
Fax: (86 10) 8519-0899
Website: www.amchamchina.org

American Soybean Association

Suite 1016, ChinaWorld Tower 1
Beijing 100004, China
Tel: (86 10) 6505-1830
Fax: (86 10) 6505-2201
Website: <http://soygrowers.com>; www.asaimchina.org

American Equipment Manufacturers (AEM)

Suite 501, China Resources Building
8 Jianguomenbei Avenue
Beijing 100005, China
Tel: (86 10) 8519-1566
Fax: (86 10) 8519-1567
Website: <http://www.aem.org/Global/IntlServices/China/>

Council of American States in China (CASIC)

Shanghai Center, Suite 631
1376 Nanjing West Road Shanghai 200040, China Tel: (86 21) 5054-0116
Fax: (86 21) 5054-0117
Email: info@casic.us
Website: http://www.casic.us/index_en.asp

Packaging Machinery Manufacturers' Institute (PMMI)

Suite 13G, No. 888 WanHangDu Rd. Shanghai 200042, China
Tel: (86 21) 6252-9985
Fax: (86 21) 6252-7320
Email: jbian@pmmi.org
Website: www.pmmi.org; www.pmmichina.org

U.S.-China Business Council

CITIC Building, Room 10-01
19 JianguomenWaidajie Beijing 100004, China Tel: (86 10) 6592-0727
Fax: (86 10) 6512-5854
Website: www.uschina.org

U.S. Grains Council

ChinaWorld Tower 1, Room 1010C
1 JianguomenWaidajie, Beijing 100004, China 1 JianguomenWaidajie, Beijing 100004,
China
Tel: (86 10) 6505-1314, 6505-2320
Fax: (86 10) 6505-0236
Website: www.grains.org.cn

U.S. Wheat Associates

World Tower 1, Room 1009
Beijing 100004, China

Tel: (86 10) 6505-3866
Fax: (86 10) 6505-5138
Website: www.uswheat.org

United States Information Technology Office (USITO)

Ian Steff, Chairman Suite 1104, 11th Floor, Sun Palace Building No. 12 Taiyanggong
Middle Road Chaoyang District, Beijing 100028 PRC

Tel: (86 10) 8429-9070
Fax: (86 10) 8429-9075
Website: <http://www.usito.org/>

J. U.S. Embassy Contacts

U.S. Embassy Beijing

No.55 Anjialou Road, Chaoyang District
Beijing, China 100600

Tel: (86 10) 8531-3000
Website: <http://beijing.usembassy-china.org.cn/>
Mailing Address from the United States: U.S. Embassy Beijing
Department of State
Washington, D.C. 20521-7300

Ambassador's Office

Max Sieben Baucus, Ambassador
Tel: (86 10) 8531-3000
Fax: (86 10) 8531-3188

Economic Section

Tel: (86 10) 8531-3000
Fax: (86 10) 8531-4949

U.S. Commercial Service

Tel: (86 10) 8531-3557
Fax: (86-10) 8531-3701/4343

Environment, Science, Technology & Health (ESTH)

Tel: (86 10) 8531-4258
Fax: (86-10) 8531-3939

Department of Energy, China office Executive Director

Tel: (86 10) 6532-0881
Fax: (86 10) 6532-0882

Foreign Agricultural Service

Agricultural Affairs Office
Tel: (86 10) 8531-3600
Fax: (86 10) 8531-3636

Beijing Agricultural Trade Office

Tel: (86-10) 8531-3950
Fax: (86 10) 8531-3050

Chengdu Agricultural Trade Office

Tel: (86 28) 8526-8668

Fax: (86 28) 8526-8118

Guangzhou Agricultural Trade Office

Tel: (86 20) 3814-5000

Fax: (86-20) 3814-5310

Shanghai Agricultural Trade Office

Tel: (86 21) 6279-8622

Fax: (86 21) 6279-8336

Animal and Plant Health Inspection Service

Tel: (86 10) 8531-4524

Fax: (86 10) 8531-3033

American Consulate General Chengdu

No. 4 Lingshiguan Road

Chengdu 610041, China

Tel: (86 28) 8558-3992

Fax: (86 28) 8556-5356

American Consulate General Guangzhou

43 Hua Jiu Roadm Zhujiang New Town

Tianhe District Guangzhou 510623, China

Tel: (86-20) 3814-5000

American Consulate General, Shanghai

1469 Huaihai Zhong Lu, Shanghai 200031, China

Tel: (86 21) 6433-6880

Fax: (86 21) 6433-4122

American Consulate General Shenyang

No. 52, 14th Wei Road, Heping District Shenyang 110003,China

Tel: (86 24) 2322-1198

Fax: (86 24) 2322-2374

American Consulate General Wuhan

New World International Trade Tower I

No. 568, Jianshe Avenue

Hankou, Wuhan 430022

Tel: (86-27) 8555-7791

Fax: (86-27) 8555-7761

K. Washington-based USG China Contacts

U.S. Department of Commerce International Trade Administration Office of China Economic Area

Room 1229 14th & Constitution Avenue

Washington, D.C. 20230

Tel: (202) 482-3583
Fax: (202) 482-1576

The China Business Information Center (CBIC) U.S. Department of Commerce

Tel: 800-USA-TRADE
Website: <http://www.export.gov/china>
Multilateral Development Bank Office
Tel: (202) 482-3399
Fax: (202) 482-5179
U.S. Department of State

Office of China and Mongolia

Bureau of East Asia & Pacific Affairs
Room 4318, 2201 C Street, N.W. Washington, D.C. 20520
Tel: (202) 647-6796
Fax: (202) 647-6820

Office of Business Affairs

Tel: (202) 746-1625
Fax: (202) 647-3953
Website: <http://www.state.gov/>
AgExport Services Division Foreign Agricultural Service Ag Box 1052
1400 Independence SW Washington, D.C. 20250-0052
Tel: (202) 720-9509
Fax: (202) 690-0193

Trade Assistance & Promotion Office

Tel: (202) 720-7420
Fax: (202) 690-4374

Office of U.S. Trade Representative

China Desk
600 17th Street, NW Washington, DC 20506
Tel: (202) 395-3900
Fax: (202) 395-3911
Website: www.ustr.gov

U.S. Export-Import Bank of the United States

811 Vermont Avenue N.W. Business Development Office Washington, D.C. 20571
Tel: (202) 565-3946 or (800) 565-3946
Fax: (202) 565 3380
Website: www.exim.gov

L. U.S.-Based Multipliers

U.S. Chamber of Commerce

1615 H Street, NW Washington, DC 20062
Tel: (202) 659 6000
Fax: (202) 822-2491
Website: www.uschamber.com

U.S.-China Business Council

John Frisbie, President
1818 N Street, N.W., Suite 200
Washington, D.C. 20036-2470
Tel: (202) 429-0340
Fax: (202) 775-2476
Website: www.uschina.org

Market Research[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities, and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers and target markets
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. Government (USG) trade promotion agencies and their services, including export training and potential trade financing sources
- Provide trade show support and multi-city USG-led and USG-hosted trade missions

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please go to the following link: www.trade.gov.

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please go to the following link: www.export.gov.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: MarketResearchFeedback@trade.gov.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)